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Oil industry: the art of living dangerously, Page 26

World news

Lebanon car blast claims 60 lives

A large car bomb was detonated in Christian east Beirut, killing at least 60 people and injuring about 190. Among the dead were 15 schoolchildren who were in a bus near the site of the blast.

No group immediately claimed responsibility for the attack, which came as the mainly Moslem western half of the capital also lurched into further bloodshed and political turmoil.

The fighting around the Palestinian camps in the south east of the Lebanese capital took a new twist with the Shia Moslem militia Amal coming into direct confrontation with Syria. Page 6

Mies tower rejected

The UK Government rejected a scheme to build an 18-storey glass office block, designed by the late Mies van der Rohe, in the City of London. The developer, Peter Palumbo, wanted to demolish listed Victorian buildings to build the glass tower, next to the Mansion House. Patrick Jenkin, Environment Secretary, rejected the design as "obtrusive" but did not rule out redevelopment on the site if there were "acceptable proposals." Page 10

Spanish gas blast

At least 55 people were injured in Granada, Spain, six of them seriously, when a gas explosion destroyed a restaurant and damaged buildings.

Eta kills two police

The Basque guerrilla organisation Eta claimed responsibility for the deaths of two policemen whose bodies were found near the northern coastal city of San Sebastián.

Tamils quit homes

About 20,000 Tamils have been ordered by Sri Lankan troops to leave their homes as security forces sweep through areas of the country in search of Tamil separatist rebels.

Albanian thaw

Albania is showing signs that it intends at least partially to reduce its political and economic isolation by negotiating with two of its neighbours, Yugoslavia and Italy, on improving trade and communications. Page 2

Peru food riot

Protesters looted food markets and smashed car windows in a riot in Peru's northern city of Chimbote during a 24-hour general strike.

New army chief

President François Mitterrand named his chief military aide, General Jean Saulnier, as the new chief of staff of the armed forces.

Judge on trial

A second Australian judge was committed for trial on charges of trying to pervert the course of justice in cases concerning an immigration racket.

Moscow fares rise

Moscow tram fares (now three kopecks) and trolleybus fares (four kopecks) are to go up to five kopecks (6 cents).

Son of 'spy' held

The U.S. Navy detained a seaman aboard the American aircraft carrier Nimitz off Israel in connection with an espionage charge already lodged against his father.

Blazes controlled

All but three of the 40 blazes in Florida have been brought under control. The worst fires in the state's history destroyed more than 150,000 acres of brush, swamp and timber.

Business summary

Shell quarter earnings top £1bn

ROYAL DUTCH/SHELL quarterly earnings topped £1bn ($1.27bn) for the first time, partly reflecting a drop in the value of the British currency. Sir Peter Baxendell, Shell Transport and Trading's chairman, told the annual meeting that crude-oil availability far exceeded demand and the quota system operated by the Organisation of Petroleum Exporting Countries (Opec) was not yet tight enough to stabilise prices. Feature, Page 26; details, Page 32

DOLLAR closed in New York at DM 3.082, SwFr 2.605, FFr 9.395 and Y251.15. It was firmer in London, closing at DM 3.0765 (DM 3.0670); SwFr 2.5865 (SwFr 2.5840); FFr 9.3850 (FFr 9.3550) and Y250.65 (Y250.25). On Bank of England figures, the dollar's exchange-rate index was 145.2 from 145.4. Page 49

STERLING closed in New York at $1.255. It fell 80 points against the dollar in London to close at $1.284. It also fell to DM 3.8950 (DM 3.8975); SwFr 3.2750 (SwFr 3.2875) and Y317.0 (Y318.5). It rose to FFr 11.8850 (FFr 11.87). The pound's exchange-rate index fell to 79.3. Page 49

WALL STREET: The Dow Jones industrial average closed 5.94 down at 1,303.76. Section III

LONDON shares put in another firm performance, stimulated by intense takeover activity. The FT Ordinary share index ended 0.7 higher at 1,020.9. Section III

TOKYO shares rose moderately although late profit-taking eroded some early gains. The Nikkei-Dow market average gained 46.98 to 12,697.35. Section III

GOLD fell $0.75 on the London bullion market to close at $316.75. Gold rose in Zurich however, to $316.75 ($315.25). In New York, the Comex June settlement was $316.15. Page 48

COPPER prices made significant advances of more than £30 a tonne on the London Metal Exchange, closing at £1,210.50 a tonne ahead of Tuesday's level of £1,174. The three-month price was up £20.25 at £1,197.75, raising new fears of a supply squeeze. Traders were baffled by the restoration of the cash premium only days after the three-month price had established a premium, stimulating hopes of a slackening of in the long supply squeeze.

PRESIDENT Ronald Reagan promised strong backing to U.S. steel industry in its fight to strengthen curbs on steel imports from the EEC.

U.S. CAPITAL goods outlook darkened when the Commerce Department reported that new orders for capital goods in April fell sharply for the second consecutive month.

BULGARIA launched a $100m credit in the Euromarkets, its first such borrowing since 1979. Page 29

EEC met a frosty reception when it launched a $1.8bn, five-year floating rate note in the Eurobond market. Page 29

A NEW merchant banking venture to advise Mexican companies has been formed by the three Lazard houses in London, New York and Paris, and three Mexican banking partners. The group will sell advice on corporate finance and arrange foreign investment and trade transactions.

BUNZL, British paper products distributor and merchant, bid £117m ($148m) for Brammer, a bearings distribution group. Brammer will resist the bid, which is conditional on its dropping a £40m offer for Energy Services and Electronics. News analysis, Page 33

GILL & DUFFUS, London commodity broker best known for cocoa trading, said it was holding talks with an unnamed company that might lead to a bid for the group. Speculation centred on Dalgety, but no comment was available from the international agricultural trading group. Page 30

European groups line up for star wars contracts

BY ALAN FRIEDMAN IN MILAN AND DAVID MARSH IN PARIS

ITALIAN and French high-technology companies yesterday confirmed their growing interest in taking part in the research phase of Washington's Strategic Defence Initiative (SDI).

Aware, however, that France was leading an attempt to develop a European alternative to SDI involving collaboration to apply so-called star wars technologies to civilian purposes, spokesmen in both countries also emphasised their desire to see a successful launch for France's Eureka proposals.

In Paris, Société Européenne de Propulsion (SEP), the French state-controlled rocket motor maker, said it was "interested" in possible participation in SDI. Reosc, a precision optical manufacturer, which has already won a contract for a large mirror to be used in laser experiments by the U.S. Navy, said it hoped to receive further orders as a result of continuing contacts with Washington over high-powered laser applications.

President François Mitterrand has ruled out French participation in SDI on political grounds, but French officials say the Government has no objection to individual contracts between French companies and the U.S. Defence Department, provided such work is relatively small, does not create a "brain drain" to America and is not hedged with strict U.S. conditions.

> **French and West German foreign and defence ministers are to hold a special meeting before the end of the month in an effort to narrow their differences over participation in the Strategic Defence Initiative. Page 2**

Matra, the state-controlled defence and electronics company, has also called recently for French participation in SDI research, on condition that French companies should not become mere sub-contractors.

M Roger Lesgards, chairman of SEP, described SDI as in reality a "technological effort" that might give the U.S. superiority in key military and civilian fields. M Lesgards said SEP – which makes the motors for France's nuclear missiles and the Ariane space rocket – had not been in touch with the U.S. over star wars. However, the company is in fairly regular contact with the Defence Department in areas such as ballistic missile technology.

Areas where SEP could make a contribution to the star wars programme included composite materials, artificial intelligence and small, liquid-fuelled propulsion systems, he added.

Reosc, which is a division of the SFIM aero-equipment group, said separately that it delivered to the U.S. a $900,000 1.85 metre mirror for focusing lasers. Last year, M Dominique de Poteves, the chairman, said contacts were continuing about orders for a greater number of mirrors which would be connected with SDI research.

In Italy Commander Enzo Brancaccio, an official at the Associazione Nazionale Industrie Electroniche (Anie), the Italian electronics manufacturers association, said yesterday that the industry would be pressing the Craxi Government to allow Italian companies to compete for contracts.

He said the electronics industry, particularly system electronics and defence electronics companies, would be "preparing to work with the United States." Commander Brancaccio stressed that that need not rule out Italian co-operation on the Eureka initiative.

Yesterday, Sig Luigi Granelli, Italy's Science and Research Minister, called for "maximum cohesion in forming the European position."

Reagan offers to halve MX programme, Page 3

Kohl under pressure to cut unemployment

BY RUPERT CORNWELL IN BONN

WITH a fresh verbal bludgeoning by Herr Franz Josef Strauss ringing in its ears, the leadership of the badly shaken Christian Democrats (CDU) met last night to try to work out preliminary agreement on emergency measures to cut West Germany's 9.3 per cent unemployment rate.

What was first planned several weeks ago as a low-key strategy session has now been transformed into a vital occasion to restore a semblance of order to the ruling centre-right coalition, after the shock waves sent out by the CDU's electoral rout in North Rhine Westphalia on May 12.

That nerve-shaking vote of no confidence in the Government's economic policies has brought to the surface all the simmering rivalries within the three-party alliance. But the sharpest attacks have, as usual, come from Herr Strauss, leader of the Christian Democrats' Bavarian sister, the CSU.

The main bone of contention, dividing the CDU from the CSU as well as the liberal Free Democrats (FDP) and wide sections of industry and the unions, is the timing of the planned DM 20bn ($6.53bn) of tax cuts, currently scheduled to go ahead in two roughly equal parts, next year and in 1988.

But Herr Strauss yesterday accused the Government of displaying a needless "inclination towards self-destruction" by refusing to accelerate the entire package to a date before the next federal elections, due in February 1987.

After North Rhine Westphalia, he wrote yesterday in the CSU newspaper Bayernkurier, disquiet in the ruling parties was such that something had to be done well before the election.

Last night, however, Herr Gerhard Stoltenberg, the CDU Finance Minister and most resolute advocate of the two-phase timing, again insisted that he would not be moved. He flatly ruled out any pre-election pump-priming "of the sort which wrecked the Social Democrats (SPD)" before they lost power in 1982.

Amid the confusion, which has once more provoked fierce criticism of the leadership qualities of Chancellor Helmut Kohl, all that seemed clear last night was that the crisis-hit West German construction industry would be a prime beneficiary of the emergency measures.

Herr Stoltenberg confirmed that the Government would look at possible extra public spending for the sector, where 200,000 jobs are at risk this year alone, within the 1986 draft budget, which is due for approval by July 1. The Bavarian leader, for his part, demanded that federal spending on city renovation should be trebled to DM 1bn.

At the same time, much support exists for extra incentives to boost private construction.

Volvo earnings drop by 15%

BY KEVIN DONE, NORDIC CORRESPONDENT, IN GOTHENBURG

VOLVO, the Swedish motor vehicle, energy and food group, suffered a drop of 15 per cent in profits in the first quarter of 1985 as car and truck shipments fell below the high level of a year earlier.

Volvo said that the number of cars delivered to customers was virtually unchanged at 95,000 units.

Demand for cars was weaker in Western Europe, although sales were still strong in the U.S. Mr Hakon Frisinger, managing director, warned that the group expected to lose several thousand car sales in the domestic market in the wake of last week's drastic government squeeze on consumer spending, which is aimed particularly at dampening soaring Swedish car sales.

The Volvo board decided yesterday to press ahead with plans to build a new SKr 2bn ($225m) car plant at Uddevalla in south-west Sweden. The plant will have an eventual capacity of producing 80,000 cars a year in two shifts, and initial final assembly work is expected to begin in the autumn of 1987. The car plant should be completed during 1989.

> **Volvo is to promote the sale of shares across the counter at Sweden's 2,200 post offices. The group already has 160,000 shareholders but is anxious to promote its stock as "the people's share" in Sweden.**

Volvo group profits after financial items totalled SKr 2.2bn in the first quarter against SKr 2.6bn in the first three months of 1984. Income per share dropped to SKr 13.10 from SKr 15.60 a year earlier, disappointing market expectations.

Sales during the first quarter were virtually unchanged at SKr 21.8bn. Excluding oil trading – which fell by 12 per cent – and Volvo BM, the construction equipment subsidiary that has been merged with Clark Michigan of the U.S. and is no longer consolidated, Volvo's sales rose by 9 per cent.

Sales of the car division rose slightly by 8 per cent to SKr 8.9bn in the first quarter, while truck sales rose by 6 per cent to SKr 3.7bn.

Shipments of trucks were lower than a year earlier chiefly due to the weak market in the Middle East. New orders declined and the order backlog was lower at the end of March than a year earlier.

The size of the group's liquid funds, which stood at SKr 16.7bn at the end of the first quarter, helped give Volvo interest earnings of SKr 92m in the first quarter compared with net interest expenses of SKr 65m in the first quarter of 1984.

Volvo enjoyed a record year in 1984 with a jump of 64 per cent in profits after financial items. Return on capital employed in the car division exceeded 40 per cent last year and the car operations alone accounted for 76 per cent of the group operating profits.

Strasbourg MPs win key case against ministers

By Our Legal and Foreign Staff

THE EUROPEAN Court yesterday handed down a landmark judgment finding the Council of Ministers, representing EEC governments, guilty of breaching the Treaty of Rome because they have failed to ensure to provide transport services across the Community.

The judgment was first ever delivered against the Council of Ministers on a complaint by the European Parliament, which in this case was supported by the European Commission. It establishes for the first time that the parliament can take the council to court and will be seen by parliamentarians as opening a new door to expanding their influence over Community politics and policies.

The court's decision was immediately welcomed as a triumph for the parliament by Mr Georgios Anastassopoulos, chairman of its transport committee, who said: "This decision has primary importance at the institutional level as well as for the implementation of a Community transport policy."

By contrast, the secretariat of the Council of Ministers remained silent while expecting a possible reaction from a meeting of EEC transport ministers in Brussels today.

Mr Stanley Clinton Davis, the European Commissioner responsible for transport policy, said: "This judgment will be a powerful weapon in creating the conditions for faster progress in the transport sector, where the Council of Ministers has quite clearly failed to meet its Treaty obligations."

Despite jubilation in the parliament, its members cannot claim an unqualified victory. The court did not support the parliament's contention that the council was at fault for failing to have agreed a common transport policy. It said that the council had the discretion to organise its objectives on that front and that the Treaty did not lay a sufficiently specific duty on the council for the court to determine whether it was failing to act.

The council was at fault, the court said, in not having established the freedom to provide transport services within the Community. That requires the elimination of discrimination against the provider of services because of his or her nationality or because of residence in another member-state.

The council had failed to take measures establishing freedom of services which the Treaty said should be taken within a transition-

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EEC clash over drivers' hours, Page 2

Chairman quits embattled U.S. defence group

BY PAUL TAYLOR IN NEW YORK

GENERAL DYNAMICS, the biggest U.S. defence contractor, which is at the centre of a barrage of allegations about Pentagon overcharging and business misconduct, announced yesterday that its chairman, Mr David S. Lewis, was to leave.

Mr Lewis, who said he had been "planning to retire since the later part of 1983," but had stayed on to help the St Louis-based group deal with "extremely heavy outside pressures," will be replaced by Mr Stanley Pace, vice-chairman of the TRW Corporation, another big U.S. defence contractor.

Mr Pace, aged 63, will become vice-chairman of General Dynamics at the start of next month and will succeed Mr Lewis as chairman of the $7bn-a-year military giant "not later than January 1, 1986."

The move comes the day after Mr John Lehman, the U.S. Navy Secretary, suspended the signing of all new contracts with two of the company's main divisions and imposed other sanctions against the group for "pervasive" corporate misconduct.

Mr Lehman, while rejecting a recommendation by the Pentagon's inspector-general to bar three senior General Dynamics executives, including Mr Lewis, for future defence business, also cancelled two missile contracts worth $22.5m and imposed a $676,283 fine on the company for giving retired Admiral Hyman Rickover gifts valued at $67,628.

Mr Lehman said the contract ban would remain in place until General Dynamics had satisfied the department that it had a "rigorous code of ethics" for its officers, had resubmitted certified overhead claims and settled about $75m in disputed overhead charges

The firestorm of allegations, which have seriously tarnished General Dynamics' public image in recent months, centre on claims by Pentagon and congressional investigators together with accusations made by Mr P. Takis Veliotis, a former senior Dynamics executive who is now a fugitive from federal kickback charges.

Mr Lewis, who has steadfastly defended his company against the charges, is widely credited with turning round the once-ailing group and building it into the nation's biggest defence contractor with profits last year of almost $400m and major military contracts ranging from F-16 fighter jets to M1 tanks, cruise missiles and Trident nuclear submarines.

Yesterday, in a brief statement, he said he was "confident" that, "under Stanley Pace's leadership the men and women of General Dy-

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Men and Matters, Page 26

British stores group faces £492m bid

BY LIONEL BARBER IN LONDON

TWO of the UK's leading retailers, the Burton menswear group and Habitat/Mothercare, yesterday joined forces to launch a £492m ($625m) hostile takeover bid for Debenhams, Britain's second largest stores group

The cash and shares bid is technically made by Burton. However Habitat/Mothercare will have a key role in the new partnership including redesigning Debenhams' 67 stores, taking up 20 per cent of trading space, and an option to buy a 20 per cent equity stake.

Debenhams, advised by N. M. Rothschild, immediately rejected the widely forecast Burton bid as "inadequate in the extreme." Mr Bob Thornton, Debenhams' chairman, said he intended to pursue the idea of a management buyout to stave off the bid.

Mr Thornton, who has raised the possibility of a £600m management buyout with UK and U.S. institutional backing, is to hold a meeting with his own merchant back advisers, Kleinwort Benson, today.

The stock market appeared to give its blessing to the proposed deal, marking shares of all parties concerned well up on the day. Underwriting for the new Burton shares was completed easily.

On the basis of last night's closing price of Burton, up 44p to 502p, the bid values Debenhams at 351p a share. After an initial surge, Debenhams closed at 362p, up 35p on the day, while Habitat/Mothercare rose 22p to close at 384p.

Burton is offering three new ordinary shares of 50p each and £2.50 in

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Plan for European TV production pact

BY RAYMOND SNODDY IN LONDON

CHANNEL 4, an independent UK television channel, is playing a key role in trying to set up joint programme production agreements with major European television organisations.

The aim is to cut production costs through co-operation, and plough the savings into a higher level of quality European television production and reduce the level of U.S. imports.

A draft agreement has already been produced for joint production between Channel 4, Antenne 2 of France and RAI I of Italy.

Its main recommendation is that participating television or film organisations should devote a proportion of their total programme expenditure on joint productions. This proportion could then increase by a series of annual increments.

The French and the British Governments are believed to be interested in the plan – partly as an alternative to suggestions within the EEC Commission for the setting up of a programme-making fund to boost European production.

The British Government in particular believes a "self-help" initiative is more likely to work than the creation of a new European programme-making bureaucracy.

By avoiding duplication of programme making in different European countries, substantial savings are believed possible.

Overall, European production expenditure is considerably larger than in the U.S. But the European effort is dissipated because of duplication in 18 nation states with different languages and cultures.

A meeting will be held in Paris tomorrow attended by television companies from six European nations to try to agree a co-ordinated approach.

The initiative began as the result of a joint production deal put together by Mr Justin Dukes, managing director of Channel 4.

Channel 4 and Antenne 2 have recently completed a film drama called Les Louvres made by bilingual actors. Both organisations are said to be very happy with the result and the cost to each is 60 per cent of what it would have been if they had acted alone.

The initiative attracted the attention of the French Government and Channel 4 executives were invited for discussions at the Elysée Palace.

Channel 4 believes that as much as 20 per cent of European programme production could be produced on a shared basis. Music, sport and the arts are seen as particularly appropriate.

Senior executives of six television organisations representing Britain, France, Austria, Switzerland, Italy and West Germany, met in Mainz, Germany, last Monday. The discussions centred on joint production of European drama.

The meeting in Paris tomorrow will try to co-ordinate the approach of the six with the draft proposals already hammered out between Channel 4, Antenne 2 and RAI.

EEC clash looms on drivers' working hours

BY PAUL CHEESERIGHT IN BRUSSELS

TRANSPORT MINISTERS of the European Community, already chastised by the Court of Justice, today face the prospect of another institutional row, this time with the Commission over the length of time drivers should be allowed to work.

The Commission is making it clear that it will withdraw proposals to revise the legal working hours of drivers if the ministers seek to replace them with less flexible suggestions on the balance between driving and rest periods.

Officials of the Ten are broadly in agreement on working hours but have adopted a different approach from that of the Commission, whose proposals are very close to those acceptable to the Parliament and negotiated by both sides of industry

If the Commission carries through its threat, it will be the first time it has withdrawn a proposal placed before ministers. To take decisions, ministers legally need before them a Commission proposal.

But the issue could put the transport ministers into the Court of Justice for a second time, as there are differing views about the Commission's right to withdraw proposals. Commission lawyers say they can be withdrawn, but council lawyers say they cannot.

In the early days of the present Commission, M Jacques Delors, the president, claimed that the withdrawal of proposals was a weapon which could be used if discussions in the Council of Ministers bogged down.

That has notoriously been the case in the Transport Council—hence the action by the European Parliament, which led yesterday to a court decision against the ministers for their failure to take liberalising moves in line with the Treaty of Rome, setting up the EEC.

But today's meeting of ministers is unlikely to show that the court decision has had much effect on speeding deliberations.

The response of Italy, currently president of the EEC, to the court action has been to devise and present a transport "master plan" to the other Nine.

Although this document lacks a timetable either for liberalising transport policy or for harmonising existing practice, it is now accompanied by about 50 reservations from national delegations. It is therefore unlikely to be accepted. Italy had been hoping for rapid acceptance as a move towards the Treaty's undertaking to reach a common transport policy.

U.S. warning on steel export restraints

BY TERRY DODSWORTH IN NEW YORK

THE U.S. Steel industry has warned the EEC that it will press the Reagan Administration to stiffen the current agreement on steel export restraints when it comes to renegotiate the deal in December.

The warning followed a return to the offensive by European foreign ministers over U.S. steel import policy.

In particular, the U.S. manufacturers are aiming to bring the European producers under an export licensing system of the type that has recently been negotiated with other trading partners.

They are also considering the extension of the original 1982 restraint agreement to stainless steel products. Under the terms of the 1982 agreement, EEC steel exports are limited to 5.4 per cent of the U.S. market, but this restriction mainly applies to carbon steel products

The U.S. steel industry's position on the EEC was laid out yesterday by Mr David Hoag, chairman of LTV Steel, at the annual meeting of the American Iron and Steel Institute in New York.

"I read in the paper that the Europeans are approaching this negotiation with their concerns," he said. "They should understand that our Government and the domestic steel industry have their own list of needs to be met if there is going to be a successful renewal of this agreement. We will only defer enforcing our rights under our current trade laws if we believe that we have an agreement that is fair to us."

Mr Hoag's comments were backed up by even more forceful remarks from other steel industry executives, who said that the EEC would be receiving an "extremely generous" deal on these terms given the way European manufacturers had violated the agreement in the past.

"We want to avoid the type of abuses that occurred in the old system," said another senior executive. "We want the same arrangements as those we have with Japan, no more and no less."

Concern over the future of the EEC agreement comes in the wake of President Reagan's decision last September to limit imports to the U.S. to 18.5 per cent of the finished steel market, and 1.7 per cent of unfinished products.

Since then, Administration officials have been engaged in a series of intensive negotiations with many steel exporters, and have reached agreement with several of them.

However, Mr Hoag said yesterday that he expected steel imports this year to amount to around 24 per cent of the market. After averaging 29.3 per cent in 1983, imports came to 30.9 per cent in January, he said, falling to 27.1 per cent in February, and to 24.5 per cent in March.

Quentin Peel in Brussels adds: European Foreign Ministers have returned to the offensive over U.S. steel import policy, accusing Washington of failing to honour either the spirit or the letter of their steel trade agreement.

Steelmakers' production quotas tightened

BY PAUL CHEESERIGHT IN BRUSSELS

PRODUCTION quotas for steelmakers in the European Community are being tightened up for the third quarter.

The European Commission yesterday announced quota cuts for all the products, except wire rods, covered by the EEC control system designed to provide stability on the market while companies restructure.

Steel demand tends to slip in the third quarter as plants close for the summer holiday and the Commission has therefore continued the restrictive policy which was evident in its quota calculations for the second quarter.

But it also remains concerned about the patchy demand in specific sectors—cars and construction, for example.

The market has remained steady for wire rod, however, and minimum prices, also set by the Commission, have been holding.

Reports from the market suggest that although the steelmakers have complained about the restrictive quotas, supply and demand are at present in balance, although in some respects the minimum prices are not being observed.

This is especially the case for merchant bars where some French plants are said to be very aggressive on the market, and for coils in France where the market is weak.

But overall, output levels in April were just over 5 per cent more than a year before at 10.3m tonnes of crude steel. In the first month of the quarter production at 10.9m was the highest in a single month for over two years.

EEC PRODUCTION QUOTAS
('000 tonnes)

	4th qtr 1984	1st qtr 1985	2nd qtr 1985	3rd qtr 1985
Hot rolled coils	4,356	4,070	4,328	3,967
Cold rolled sheet	3,631	3,576	3,711	3,329
Galvanised sheet	958	905	936	877
Other coated flat products	806	818	829	759
Reversing mill plate	1,293	1,293	1,300	1,255
Wide beams, sections	1,049	1,069	1,122	1,062
Wire rods	2,563	2,484	2,570	2,570
Reinforcing bars	1,741	1,709	1,768	1,737
Merchant bars	2,265	2,192	2,199	2,167

Gandhi signs two accords with Moscow

By Patrick Cockburn in Moscow

MR RAJIV GANDHI, the Indian Prime Minister, and Mr Mikhail Gorbachev, the Soviet leader signed two economic agreements yesterday, at the conclusion of Mr Gandhi's two-day visit to Moscow.

The Soviet Union is to make a Rouble 1bn (£926m) credit available to India, to be used for the construction of a power plant in Eibar, an open-cast coal-mining project in which Soviet enterprises will participate. An agreement on trade and scientific co-operation over the next 15 years was also signed.

Mr Gandhi was studiously neutral and terse at the news conference at the end of his first foreign visit as head of state. He stressed that the Soviet Union was a long-time friend and ally of India, but he made few remarks offensive to the U.S.

Danish foreign exchange reforms should close interest rates gap

BY HILARY BARNES IN COPENHAGEN

THE FURTHER liberalisation of Danish foreign exchange regulations, the third set of measures announced by the present government since 1983, is expected to narrow the gap between Danish and key international interest rates.

The action reflects the confidence of the markets in the non-Socialist coalition government's economic policies and especially its determination to maintain the exchange rate, according to Ms Kirsten Morthorst, of the Danish central bank.

The regulations take effect on June 1. The most important change is a reduction from five years to one year in the minimum maturity of loans made abroad by domestic businesses. There is no upper limit on the size of these loans.

This will reduce significantly the exchange risk and will make D-Mark loans particularly attractive, according to bankers. Under the present conditions, companies can borrow in West Germany at about 7 per cent and place the money in the Danish bond market at effective yields varying from 10.3 to 12.4 per cent on government paper and up to 12.9 per cent on mortgage bonds.

Mr Tage Anderson, chairman of the Bankers' Association, has called on the national bank to ease restrictions on domestic bank lending, subject to a limit of 10 per cent in the annual rate of increase. He says an easing of restrictions is necessary to prevent business being taken by foreign banks. The central bank has not so far commented on this proposal.

Other changes in the exchange regulations include:

- The general limit for foreign exchange transfers of all kinds which are exempt from all restrictions is raised from DKr 25,000 (£1,785) to DKr 40,000.
- The limit on direct investment b foreigners in Denmark and by Danes abroad which does not require permission is raised from DKr 5m to DKr 10m.
- Danes will be permitted to invest in shares in unlisted companies abroad, but this will require national bank authorisation.
- The time limit for repatriating currency held in bank accounts abroad by Danish companies will be extended from one month to three months.

In 1983 the Government opened up for investment by foreigners in Danish bonds and shares and in January this year restrictions on Danish portfolio investments in listed companies abroad were ended.

Protest at Warsaw University

BY CHRISTOPHER BOBINSKI IN WARSAW

ABOUT 3,000 students and staff at Warsaw University yesterday held a mass meeting in protest against government plans to limit university autonomy. On Tuesday the Council of Ministers announced that amendments to the universities law were being prepared and will be sent to Parliament for approval.

The authorities are thought to be hoping to avoid student unrest by waiting for parliamentary approval until the summer recess begins next month.

Speakers at the meeting, which was closed to outsiders but held with the Rector's permission, included Mr Maciej Geller, the former chairman of Solidarity at the university.

Details of the changes have not been revealed but they will inevitably aim to give the Government a decisive voice in the appointment of university officials who are at present democratically elected, and to make it easier to dismiss dissenting academics.

Polish universities have so far managed to avoid widespread political purges in the wake of the bannig of Solidarity in 1981 and the present law giving them a wide measure of autonomy was passed ni 1982 as a goodwill gesture by the Government.

Sartzetakis embroiled in Greek poll campaign

By Andriana Ierodiaconou in Athens

THE CONTROVERSIAL election in March of Mr Christos Sartzetakis as Greek President has moved to the forefront of the tough general election contest between the governing Socialists and the Conservative New Democracy oposition. It was the election of Mr Sartzetakis that led to an early general election being called for June 2.

Mr Constantine Mitsotakis, Conservative leader, said on Monday that he would expect the president to resign if New Democracy carries the day on June 2.

The Conservatives denounced the presidential election as unconstitutional, and challenged the Government to a general election contest, while refusing to recognise Mr Sartzetakis.

The President has angrily rejected Mr Mitsotakis's suggestion and says he intends to serve his five-year term "to the last day."

He was proposed as a presidential candidate by the Socialists after a surprise decision not to support the re-election of Mr Constantine Karamanlis, a Conservative. He was elected thanks to a voting alliance in Parliament between the Socialists and the pro-Moscow Communist opposition.

Mr Andreas Papandreou, the Prime Minister, has now called on Mr Mitsotakis to make clear whether he still intends to challenge the President after the latter's declared intention not to resign voluntarily. He warned that the Conservatives risk plunging the country into a constitutional crisis.

New Democracy, which responded by accusing the Presidend of acting as "an instrument of the Socialists," is in a quandary. Given the lack of a constitutional court in Greece, it is unclear what recourse the Conservatives could have against the President.

One suggestion is that they might ask Parliament to decide whether the vote of the acting president, a Socialist deputy, in the presidential election was valid constitutionally.

It was thanks to this vote that the Socialists scraped together the required majority for their candidate. Many constitutional experts dispute the acting President's right to vote but the Government got around the problem by putting the issue before Parliament.

Albania holds trade talks

By Leslie Colitt in Berlin

ALBANIA is demonstrating that it intends to reduce at least partially its economic and political isolation by negotiating with two of its neighbours – Yugoslavia and Italy – on improving trade and communications.

A Yugoslav trade delegation met in Tirana with Mr Shane Korbec the Albanian Foreign Trade Minister, while Mr Fernand Taka, Albania's deputy Transport Minister, negotiated in Belgrade with Mr Mustafa Pljakic the Yugoslav Transport Minister. Albania also held talks with Italy.

The Belgrade talks centred on the completion of a rail link between the two countries which is to be Albania's first with any country.

Construction of the railway line began several years ago with Albania claiming it has completed its section of the line and hinting that Yugoslavia was delaying completion for political reasons.

IMF chief attacks U.S. budget deficit

By Patrick Blum in Vienna

THE MANAGING director of the International Monetary Fund (IMF) M Jacques de Larosiere yesterday made an policies, castigated the U.S. unashamed defence of IMF for its high budget deficit and warned Europe that it would benefit from the U.S.-led recovery only if it put its own economic house in order.

In a keynote speech last night in Vienna, he also praised the efforts of developing countries to reduce their debts but warned against any relaxation in policies.

M de Larosiere outlined the main conclusions drawn by an intensive review carried out over recent months by the IMF setting out policies for the rest of the decade.

Policy makers faced two major challenges: to ensure that the recovery endures and to reduce the developing countries' indebtedness. These goals could only be achieved by lower government demands on resources, greater market flexibility and reversing the protectionist tide.

Much progress had been made to control inflation the IMF leader said, although budget deficits often remained far too high. The U.S. budget deficit, he said, was "contributing to a potentially unsustainable situation." U.S. debt continued to grow rapidly and interst payments now accounted for more than 4 per cent of GNP or over 15 per cent of the U.S. Government's expenditure.

This, coupled with a strong growth in private investment, contributed to keeping interest rates high. "It is difficult to foresee how events would unfold if the fiscal stance (of the U.S.) were to remain unchanged, because the economy and the financial system would be moving into uncharted territory," he said. "Continued U.S. current account deficits in excess of $100bn a year are not sustainable."

European countries faced an equally arduous task. Government expenditure represented about 35 per cent of GNP in the U.S., while it averaged near 50 per cent of GNP in Europe. This, he said, was an intrinsic structural weakness that had to be corrected.

M de Larosiere suggested that Europe was plagued by inflexible pricing policies, fiscal policies which discriminated against investment, savings and employment, excessive government regulations and protectionism. He said that these had been a root cause of unemployment.

Turning to the developing countries, he underlined the need for continuing adjustment efforts.

French and German ministers to meet on star wars role

BY DAVID HOUSEGO IN PARIS

FOREIGN and Defence Ministers from France and West Germany are to hold a special meeting before the end of the month in an effort to narrow Franco-German differences over participation in the U.S. Strategic Defence Initiative.

The proposed meeting was announced by Herr Hans Dietrich Genscher after his talks with President François Mitterrand and M Roland Dumas, the French Foreign Minister in Paris yesterday. At the same time Herr Genscher gave further impetus to France's Eureka proposals, saying that European technological co-operation was essential whatever was decided over SDI.

The Foreign and Defence ministers from the two countries will meet in advance of the summit between President Mitterrand and Chancellor Helmut Kohl in Bonn on May 28. The need for further consultation follows the sharp differences that emerged at the Bonn summit of industrialised nations, with France declining participation in the U.S. programme and West Germany declaring it was in favour.

More recently Chancellor Kohl has modified the West German position in saying that SDI presented both opportunities and risks.

Both Governments were anxious yesterday to remove the impression that disagreements at the Bonn summit and within the EEC had done any lasting damage to Franco-German relations.

Herr Genscher put the forthcoming contacts between Defence and Foreign ministers – designed to give fresh impetus to the relationship – in the context of co-ordinating views over strategic issues, including the Geneva disarmament talks.

At a press conference after yesterday's talks, Herr Genscher referred indirectly to the scepticism of some German companies about taking part in the French Eureka project.

Before then European research and technology ministers will attempt to give further definition to the Eureka project at their meeting in Luxembourg on June 3-4.

They will discuss the timing of the proposed high-level multi-lateral gathering of experts. Eureka has been discussed up to now in bilateral contacts between European governments.

Star wars, Page 7

Nato ministers agree plan for conventional forces

BY QUENTIN PEEL IN BRUSSELS

NATO DEFENCE ministers yesterday adopted a plan of action intended to remedy the most glaring gap in the alliance's conventional defences. and renew their pledge of a real increase in military spending to do so.

They once again set a target of a real annual increase of 3 per cent in national defence budgets as a "general guide" for member government, urging those states which had failed to meet the target in recent years to step up their efforts to do so.

They also called for greater co-operation in arms procurement and production, with a particular emphasis on a better balance of arms spending between the U.S. and Europe, currently seven to one in favour of U.S. manufacturers.

The latest meeting of the Nato Defence Planning Committee finished in record time and with a great display of agreement on the first day of a scheduled two-day meeting. The ministers endorsed an analysis by Nato officials of the main weaknesses in their conventional defences, and agreed to the plan of action for tackling them.

The key areas identified for upgrading include the training and standards of ground forces and reserve troops; maintenance of adequate ammunition supplies and other equipment to provide sustained defence; the means of neutralising follow-on forces and air attacks; and facilities to receive and protect reinforcement aircraft.

Another high priority identified for the ministers is the need for increased assistance by more Nato members to Greece, Portugal and Turkey to upgrade and equip their armed forces.

The ministers avoided any substantial discussion on the two potentially divisive topics of European involvement in the U.S. Strategic Defence Initiative, and on the need for replenishing the U.S. stockpile of chemical weapons.

On chemical warfare, Mr Caspar Weinberger, the U.S. Defence Secretary, said the Soviet Union had "an immense chemical capability," with more than 100,000 people working on chemical weapons full time. He failed to persuade the European ministers, however, to give their public endorsement to the U.S. plan to replace its existing chemical stock.

Mr Weinberger insisted that the U.S. was committed to wider procurement of military supplies, although the only non-U.S. contract he was able to quote was a recent decision to buy Beretta pistols from Italy.

Stage set in New Caledonia for continued independence clashes

BY KIERAN COOKE, RECENTLY IN NOUMEA

IT IS hard to avoid John le Carré or Graham Greene images in New Caledonia. Violence in the French pacific territory has spiralled in recent months as native Melanesian pro-independence groups clash with fiercely anti-independence, mainly white settlers.

Groups of Melanesians, dressed in combat fatigues and sporting Che Guevara-style beards, roam the hinterland launching attacks on isolated white farms. One of their number, Elio Machoro has become a Melanesian folk hero since his death in a shoot-out with French police.

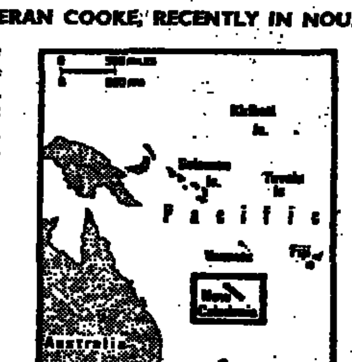
Many of the white settlers live an increasingly barricaded existence: one of the more militant, Henri Morini, formerly in the French army and owner of a body-building business, lives surrounded by burly guards in his hill-top retreat just outside Noumea. His boat and supplies are ready if the authorities come to expel him: he says he will join others who have defied such orders, in the maquis to form an army of resistance.

Most people admit that attitudes in New Caledonia are hardening, with France becoming involved in the kind of Algerian quagmire of violence it wanted to avoid at all costs.

Each side has different views on the cause of the troubles. The white settlers blame first and foremost the Government of President Francois Mitterrand, which is hated with a singular passion. The object of this resentment in New Caledonia was M Edgard Pisani, the Government's special envoy, who was recalled to Paris last Tuesday. He will be replaced in Noumea by M Fernand Wilbaux, present ambassador to Lebanon.

The Government, say the white settlers, has encouraged Melanesian violence by its liberal ideas about independence. They point to the fact that the Melanesians make up only 42 per cent of New Caledonia's population of just less than 150,000.

The Melanesians are not ready for independence anyway, say the white settlers: if it comes about, there will be economic collapse followed by communism.



The Melanesians say the troubles are the result of French colonial policies. They point to the way French mining compaines have, for more than 100 years, exploited and destroyed their lands; the way the French Government, in the late 1960s and early 1970s, encouraged immigration to New Caledonia, much of its from Algeria and other former colonies. As a result, Melanesians became a minority in their own land. They also point to the economic imbalances: how Noumea, with the help of large amounts of aid from France over the years, has become a mainly white, prosperous town while the rest of the territory has been only developed.

Last week relations between the two groups took a possibly fatal turn for the worse. A militant group of Melanesians staged a demonstration in Noumea about what they view as French plans to make New Caledonia into a strategic military base. Scuffles broke out which quickly escalated into running street battles, as white settlers fought police and Melanesians with anything from stones to hunting rifles. One Melanesian was killed and more tha 90 people injured, some of them seriously.

The authorities blamed the anti-independence Republican Party (RPCR) for starting the riots; the main Melanesian party, the National Kanak Socialist Liberation Front (FLNKS) said that for the first time the anti-independence forces had become deliberately racial.

France, in what is seen as an attempt to decentralise power away from Noumea, plans to split the territory into four regions, each with a large degree of autonomy. A referendum on independence would then be held by the end of 1987 at the latest.

What is ultimately hoped for is independence in association with France, with Paris maintaining much of the control over defence and external affairs, guaranteeing the rights of those who wish to remain French citizens in the new republic, while at the same time satisfying the fundamental demand of the Melanesians.

The Melanesians are largely behind the plan although, for the more militant, it does not promise independence soon enough.

However, the anti-independence forces see only evidence of the "marxist policies" of the Mitterrand government in the plan. The leader of the RPCR, M Jaques Lafleur, described it all as a "monstrous boob." Opponents of independence have successfully rallied the Opposition in France behind their cause: the RPCR believes that when the Socialists suffer a resounding defeat in next year's national assembly elections M Mitterrand will be forced to scrap his ill-conceived programme.

There is little doubt that, under those circumstances, the Melanesians would declare open war.

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The Mulroney Government promises its first Federal Budget will be 'tough but fair,' writes **Bernard Simon** in Toronto

Canada's Tory leadership faces the economic acid test

THE CREDIBILITY of Canada's eight-month-old Progressive Conservative Government will be on the line tonight when Mr Michael Wilson, Finance Minister, presents his first budget to Parliament in Ottawa.

The budget is seen in many quarters as an acid test of the Government's ability to provide the decisive leadership which was expected from the Tories after their landslide election win last September, but which they have so far been slow to deliver. If Mr Wilson fails to come to grips with the country's economic problems, there is considerable concern that international financial markets will reassess prospects for the Canadian economy.

Mr Wilson has given few clues to his strategy for dealing with a worrying budget shortfall that is proportionately far larger than the U.S. deficit. Debt servicing has become the fastest growing item of Federal Government spending. It is expected to consume 36 per cent of government revenues this year.

Mr Wilson has so far merely said that the budget will be "tough but fair," suggesting that at least some tax increases and curbs on Government spending are planned, Mr Brian Mulroney, the Prime Minister, said earlier this week that cutting the deficit will be a key aim of the budget.

Levesque: prone to gaffes in public.

The unusual level of interest in the budget largely reflects widespread disappointment, especially in business circles, with the conservatives' performance since last September. Swept into office with one of the biggest majorities in Canadian history, the Government has done little—beyond a slew of patronage appointments—to put the country on a fresh tack after 20 years of almost unbroken Liberal Party rule.

No astute Canada-watcher expected the Mulroney Administration to be as single-minded in its conservatism as either Ronald Reagan or Margaret Thatcher. Canadian politics, and society as a whole, are steeped in compromise and moderation.

Mr Mulroney's own career as a labour lawyer and businessman known for his conciliatory abilities made it unlikely that he would want to tread on many toes as Prime Minister.

The disappointment is that the Tories have taken compromise and conciliation to extremes. *Mr Mulroney's guiding* star has often seemed to be the exhaustive public opinion polls used by the Conservative Party to devise electoral tactics.

In the process, the Government sent blurred and often *confusing signals* on a wide range of policies. Mr Mulroney backed away from initial support of the U.S. star wars initiative, but has recently appeared to warm again to the plan, arguing that Canadian participation could help cut unemployment.

The *Government, which is* pledged to give market forces a freer rein in the economy earlier this year, refused a C$100m (£59.3m) grant to the Quebec forest products group, Domtar. But strong protests from the province (where the Tories are anxious to sustain an unexpectedly strong showing in the last election) prompted Mr Mulroney to agree to Government guarantees on some of the company's loans.

Fearful of repeating mistakes that led to the downfall of the *brief Conservative Government* in early 1980, Mr Mulroney has spent the past eight months trying to forge a national consensus on issues where none will probably ever be found.

A "summit" earlier this year *between business, government,* labour and consumer leaders to discuss strategies for the budget ended inconclusively. The Government is testing public opinion on foreign policy, parliamentary reform and the key issue of freer trade with the U.S., by far Canada's biggest trading partner.

Ottawa's state of indecision has not prevented action in two important areas: foreign investment and energy.

A Bill significantly limiting the Government's powers to *screen foreign investments in* Canada is on the point of becoming law. Under the new measure, official review will in essence be restricted to large takeovers and investments in culturally sensitive areas, such as book publishing and broadcasting.

On the energy front, the Government has set out a timetable for dismantling key provisions of the controversial *National Energy Program,* adopted by the Liberals in 1980. A revenue tax on oil and gas producers will be phased out over the next four years and domestic oil prices will be decontrolled on June 1.

Mr Wilson is expected to announce in the budget the abolition of the much-criticised "back-in" provision of the NEP which has given the Canadian Government an automatic right to 25 per cent of new oil and gas discoveries in the Arctic and off the East coast.

The new energy policy, which is deeply influenced by a Tory Government in the main producing province of Alberta, has complicated Mr Wilson's plans for a deficit-cutting budget. Barring an energy boom, the costs to the exchequer of the new measures will far outweigh savings. So concessions to producers will almost certainly have to be offset by increases in consumer taxes on petroleum *products.*

Mr Wilson now has to balance his need for higher revenues against the knowledge that big tax increases on oil and gas consumption will diminish the Tories' chance of sustaining their minority Government in Ontario.

Parti Quebecois in disarray as by-election losses loom

THE Parti Quebecois Government of Premier Rene Levesque is in deepening disarray as four by-elections approach on June 3, Robert Gibbens reports from Montreal.

The PQ is expected to lose all four, including one to M Robert Bourassa, the Liberal Party premier of Quebec from 1970 to 1976 and the re-elected leader of the opposition Quebec Liberals. If that proves true, M Levesque would have lost all 26 by-elections since coming to power on a separatist platform in 1976 though he did win two general elections on the way. He would face a crisis in the provincial legislature.

The PQ holds 62 seats, the Liberals 49, independents six and there are five vacancies. The independents are mostly disaffected PQ members.

Several cabinet ministers, include M Jacques Parizeau, the Finance Minister, and some backbenchers resigned last autumn after M Levesque declared that the independence from Canada option would be dropped from the PQ platform in the next election which must be held by next spring at the latest.

In shifting his political stance, M Levesque was aware of his own party polls indicating loss of interest in independence among Quebecers and of the popularity of Canada's Prime Minister, Mr Brian Mulroney, also a Quebecer, in the province.

Since then, the rift in the Cabinet and within the party has widened on the issues of independence and whether a form of special status for the French-speaking province can be worked out with the Mulroney Government. An unpopular budget last month has made matters worse and complaints abound that the provincial government is no longer making any major decisions.

M Levesque finally decided to call the four by-elections, hoping to score points with a list of constitutional proposals for Quebec's status within Canada.

The premier has been irritable and sometimes incoherent in the provincial legislature and prone to gaffes in his public appearances. Yet in spite of his lagging public support for the PQ, he has led M Bourassa in the opinion polls.

The provincial election is *now expected in the autumn* but speculation is rising whether Mr Levesque himself of the Government can survive if all four by-elections are lost.

Wilson: few clues on budget strategy.

Reagan offers to cut MX programme

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan, faced with the threat of a serious defeat in the Republican-controlled Senate, has offered, at least temporarily, to halve the size of his controversial MX intercontinental missile programme.

In desperate negotiations to stave off an even bigger blow to the programme, the White House has offered to hold deployment at 50 of the 10-warhead missiles while considering if the full complement of 100 that Mr Reagan wants is really needed.

The concession in effect acknowledges that, for the foreseeable future, Mr Reagan has no chance of persuading an increasingly hostile Congress to field the full MX force.

The White House hurriedly moved to its fall-back position on the missile after it became clear that an amendment that would cap deployment at 40 had a good chance of passing the Senate. Voting on the amendment, *sponsored by Democratic* Senator Sam Nunn of Georgia, was expected later last night.

The new threat to the MX programme comes less than months after Mr Reagan triumphantly succeeded in winning Congressional *support* for a batch of 21 MXs, in addition to the 21 already approved, bringing the total so far authorised to 42.

The Nunn amendment, attached to next year's defence budget, would allow for 12 more missiles to be funded in fiscal 1986, which begins on October 1, *for a total of 54. Only 40,* however, would be deployed, with the remaining 14 to be used for testing and spares.

The White House was insistent, however, that it was not necessarily abandoning the 100-missile target, which is already only half the 200 missiles originally sought by Mr Jimmy Carter, the former president.

"What we're trying to say is, let's pause at 50," said one Administration official. "Then let's look at it again in a year, or a year and a half. Let's see if we go beyond that."

The White House wants to avoid any suggestion of a once-and-for-all cap on the MX force, so as to leave itself free to request *further missiles if arms* control talks with the Soviet Union break down. Even with a pause at 50, however, many Administration officials are deeply concerned that the U.S. negotiating position in Geneva will be undermined.

Sanctions Bill success

A BILL imposing U.S. economic sanctions on South *Africa* has easily cleared its first hurdle in the House of Representatives, suggesting that it will pass without major changes when final voting takes place early next month, Reginald Dale reports.

The Anti-Apartheid Act, sponsored by a bipartisan coalition of more than 100 of the House's 435 members, would prohibit new loans to South Africa, end new investment, ban imports into the U.S. of gold krugerrand coins and stop sales of American computer *equipment* to the South African Government.

Similar legislation was passed by the House last year, but foundered in conference negotiations with the Republican-led Senate, which had adopted a much milder version. With anti-apartheid feeling in both houses now much stronger, the Senate is more likely to toughen its stance this time round.

U.S. capital goods orders fall sharply in April

BY STEWART FLEMING IN WASHINGTON

NEW ORDERS for capital goods in the U.S. fell sharply in April for the second consecutive month, the Commerce Department reported.

Although overall durable goods orders rose 1 per cent in April after declining in February and March, non-defence capital goods orders fell 6.9 per cent after a 7.8 per cent fal lin March.

Mr Henry Wallich, Federal Reserve Governor, said yesterday: "The economy is in good shape with the exception of the budget deficit and the trade deficit." He doubted the U.S. economy was heading for a mild recession.

Mr Wallich noted a slowing in the growth of business investment, however. "The rate of business investment which grew in 1984 at a spectacular rate of 20 per cent has slowed doyn to 3.5 per cent during the first quarter of the year."

Governor Wallich's remarks seem to suggest he does not see immediate need for further easing of monetary policy.

Dr Henry Kaufman, the Saloman Brothers chief economist, said: "Monetary policy has changed *significantly* during the past six months both in terms of strategy and emphasis. Current policy focuses more on monetary reflation and much less on aggressive methods to combat inflation."

Argentina 'near deal with IMF on standby loan'

BY JIMMY BURNS IN BUENOS AIRES

THE ARGENTINE Government yesterday claimed to be entering the final phase of negotiations with the International Monetary Fund on a $1.4bn (£921m) standby agreement needed to unlock a $4.2bn loan from creditor banks.

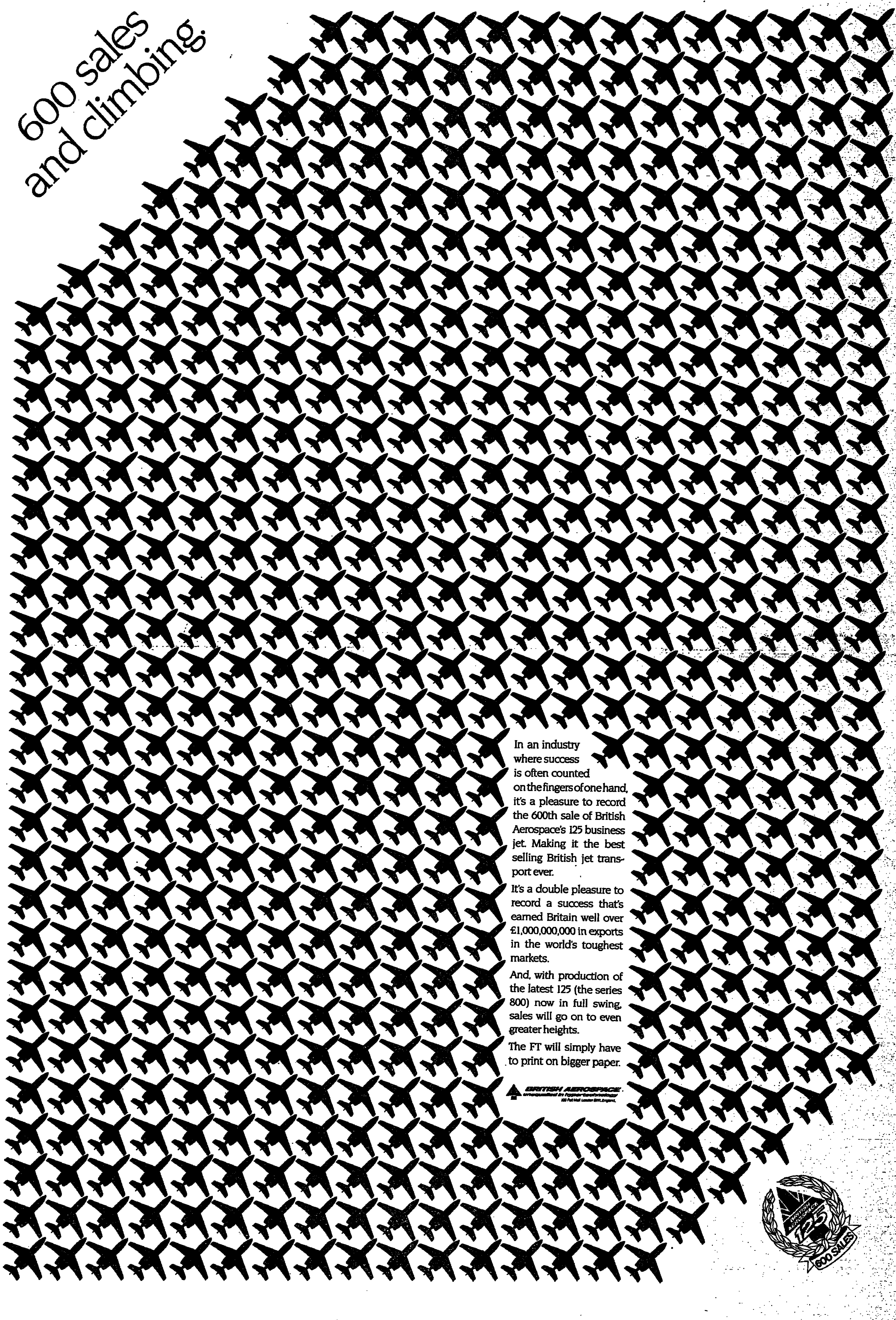
Sr Jose Luis Machines, the Argentine under-secretary for the economy, who has been negotiating wit hthe Fund, said: "The technical aspects are now practically concluded, so I am optimistic there will be an agreement by the end of next week."

He was speaking on the eve of his departure for Washington to resume talks with the IMF.

Disagreements over monetary and fiscal targets led to a temporary suspension of these talks 10 days ago. Sr Machinea claimed the gap between the two sides had substantially narrowed.

"We are conscious we cannot delay this agreement much longer as our room for manoeuvre is narrowing," he said.

A standby agreement with the IMF, broken off earlier this year, *needs to be renegotiated* before commercial banks can consider providing a $4.2bn (£3.28bn) loan and the rescheduling of an estimated $20bn in debt.


600 sales and climbing.
In an industry where success is often counted on the fingers of one hand, it's a pleasure to record the 600th sale of British Aerospace's 125 business jet. Making it the best selling British jet transport ever.
It's a double pleasure to record a success that's earned Britain well over £1,000,000,000 in exports in the world's toughest markets.
And, with production of the latest 125 (the series 800) now in full swing, sales will go on to even greater heights.
The FT will simply have to print on bigger paper.
BRITISH AEROSPACE
125
600 SALES

May 23 1985

KWU shares in order for Greek power station

BY JOHN DAVIES IN FRANKFURT

AN INTERNATIONAL consortium involving Kraftwerk Union (KWU) of West Germany, has won an order against stiff competition for a 300 Mw brown coal-fired power station in Greece.

The contract, which envisages a high degree of local manufacture and transfer of know-how, is worth a total of about DM 500m (£128m).

The power station, for the public electricity network, will be the fourth of its type to be built in an area of brown coal deposits at Megalopolis, 250 km south-west of Athens.

With the world's power-station equipment suppliers competing hard for scarce orders in recent years, the consortium was anxious to clinch the Greek deal by putting together a package involving a boost to local industry and employment.

West German and Belgian companies in the consortium will work in partnership with local Greek companies. KWU, a wholly-owned subsidiary of the Siemens electrical group of West Germany, will be technical leader of the consortium, but a Greek concern will act as the consortium's local administrator.

KWU will supply the turbo-generator and various other electrical equipment, working in conjunction with local manufacturing subsidiaries of Siemens in Greece.

Other members of the consortium include Vereinigte Kesselwerke of West Germany in partnership with Biokat of Athens, Hamon Sobelco of Belgium working with Technical Union of Athens, and Transformatoren Union of West Germany, a Siemens subsidiary.

A KWU executive said yesterday that the present world market for conventional power stations was only enough to keep busy about an eighth of the manufacturing capacity of plant suppliers.

In this case, the consortium had advantages over competitors, including involvement in the three earlier palnts in the region, using a specially-developed combustion process for use with brown coal.

Orders won by KWU in Greece, India and Egypt have been helping the company to sustain machine capacity

The new Greek power station is due to come on stream in the middle of next year.

China airline buys eight jets from Boeing

By Our Peking Correspondent

CHINA'S national airline, the Civil Aviation Administration of China (CAAC), has bought eight jets from Boeing, a CAAC spokesman announced yesterday.

No purchase price was revealed for the five Boeing 737-200s, two 767s and one 747, but the order is believed to be worth more than $320m (£266m).

Mr Dean Thornton, president and chief executive of Boeing Commercial Airplane Company, has arrived in Peking to meet Hu Yizhou, CAAC's director-general, the spokesman added.

The contract was signed in Peking at the weekend, and the delivery of the aircraft will begin in September and should be completed by the end of this year. Under the contract, Boeing will assist CAAC in training pilots and ground crew.

CAAC has already bought 37 Boeing aircraft, including six 747s and 19 737s.

● In a contract worth more than $9m (£7.5m), Sperry is to supply CAC with a 1100-74 multi-processor mainframe and the Sperry Usas software package, a Sperry spokesman said yesterday.

The art of harmonising EEC company laws

BY A. H. HERMANN, LEGAL CORRESPONDENT

AS EUROPEAN industry consists largely of business corporations, big and small, it is hardly surprising that the European Commission believes it to be essential to have a uniform company law in the common market. The real need for this is open to dispute. The U.S. manages to survive as a common market of 50 states with different company laws, and a Federal Securities and Exchange Commission into the bargain.

Nevetheless, the harmonisation of company law might play a useful part in bringing the European market place together and seeing that European companies compete on an equitable basis and can be better compared one with another.

The EEC has made important progress towards bringing the national company laws closer together in the field of accounting and disclosure. But it has stumbled over the Commission's attempt to impose the West German model of two-tier management and worker participation throughout the EEC. And it has not so far tackled some rather important varieties, such as the distinction between issued and paid up capital which is *known only* in Britain and the Netherlands.

Harmonisation started to bite with the Fourth directive, adopted in 1978. Its purpose is the harmonisation of accounting and disclosure by private and public companies, with the exception of banks and insurance companies. It deals with the layout and content of the annual accounts.

The next important directive was the Seventh requiring the consolidation of group accounts and prescribing their format, audit and publication in the group's annual report. Complementary to these two is the Eighth directive on the qualifications and independence of auditors. These directives have been adopted and must now be honoured in national laws.

The Commission has on the table three further projects concerning accounts and disclosure: two of these would extend the accounting rules to banks and insurance companies, while the third would deal with the accounts of EEC-based subsidiaries of banks with headquraters outside the EEC.

The Fifth directive, and the so-called Vredeling proposal, have been the two most controversial projects of the Commission because of their proposed involvement of workers in management. The two-tier management structure with workers represented on the supervisory board, proposed in the draft Fifth directive, is a norm in West Germany but is viewed with suspicion elsewhere.

The second objective of the draft Fifth directive is the representation of workers in the management structure. The idea is taken from West German company law where the ground for it was prepared gradually, starting in the 1870s when Bismarck realised that consensual industrial relations were indispensable to a country relying

on a large conscript army.

But despite the apparent advantages of consensus, of a single trade union for each separate industry, and of mutual trust achieved by giving workers access to information about their company's affairs, Brussels will find it hard to impose the system on the essentially adversarial system of settling industrial disputes in the UK.

Even greater alarm, not only in Europe but also in the U.S. was caused by the Vredeling project which proposed mandatory information and consultation of employees about the worldwide activities and plans *of multinational companies.*

In parallel with this slice-by-slice approach to harmonisation, the Commission has also attempted to introduce a uniform EEC company law by the back door, in the form of a European Company Statute. A Draft Statute produced in 1970 envisaged the facilitation of co-operation between national companies incorporated in different member states. European companies at home in the entire Community could, according to this proposal, result from a merger or could serve as a joint subsidiary or holding company of national companies situated in different member states.

This project was keenly supported by the European integrationists. It failed because it was again burdened with a controversial provision for two-tier management and for worker participation. Moreover, the project provided no solution to the problem of multi-national taxation.

A more modest approach to building cross-border bridges between companies is the recently-revived project of the European Economic Interest Grouping (EEIG). This would avoid the taxation problems and has a fair chance of success. An EEIG is proposed as a partnership without legal personality, whose profits would accrue directly to the individual companies forming it.

It is modelled on the *groupment d'interest economique* introduced in France in 1967. The Commission's intention is *to make cross-border co-operation* between smaller firms easier. The EEIG would be precluded from independent manufacturing activties, but it could co-ordinate purchases, sales and research for its members. It could tender for contracts on their behalf, provide transport services or manufacture component parts for them, and should have no more than 500 employees.

The EEIG may be a tempting proposition in countries such as France where it takes six months to establish a private limited company. However, it has the disadvantage of making each member of the group liable for the unpaid debts of the grouping directly and without any limit.

Another danger is that the grouping could attract suspicion that it operates as a cartel. If it placed on the activities of its members any restrictions prohibited under EEC rules of competition, it could be voided right from the beginning by the effect of Article 85/2 of the EEC Treaty.

Brussels has so far achieved quite a lot of good work on company law harmonisation, particularly in areas free from ideological conflicts. More could perhaps be done, and faster, if the Brussels apparatus was less introvert. Some years ago I talked to one of the Commission's officials, who had spent the best 15 years of his life drafting and re-drafting a company law directive which the member states would not accept. I suggested a few visits to member states to discover the basis of the resistance.

"I have no time for travel," was his surprising answer. "It is completely taken up by meetings and correspondence with other departments of the Commission."

This is the tenth in the series on European market liberalisation. The previous articles appeared on February 14, February 21, March 6, March 13, March 22, April 1, April 4, April 16 and May 10.

Vickers disappointed over Australia submarine study

BY LYNTON McLAIN

VICKERS Shipbuilding said it was very disappointed not to have been chosen to do project definition studies for six submarines for the Australian Government.

Nevertheless, Vickers has not given up al lhope of winning the contract.

"We are not going to giv up. Our first Type 2400 submarine, HMS Upholder for the Royal Navy, will be ready before the project definition studies have to be submitted by early 1988. We intend to show the submarine to Australia," Vickers said.

The veentual contract to build the six submarines would be worth A$2.6bn (£1.4bn).

Australia decided this week to ask only two of the original seven bidders, from Sweden and from West Germany, to do the project definition studies.

Kockums of Sweden is to bid against Howalsdtswerke-Deutsche Werft (HDW) of eWst Germany for the final contract to build the submarines.

"I will only regard the contract as lost when Australia has awarded the contract formally to another company," Mr Frank Noah, the commercial director of Vickers said.

"At the moment, we have lost the first stage and we hope Australia does not close its eyes to our Type 2400 when we show it as proven submarine in service with the Royal Navy."

Vickers' pride had been "dented," Mr Noah said. "We have asked Australia to inform us, under the terms of the tender, why we did not go to the project definition stage."

Originally, the Australians wanted one submarine to be built in the UK and five to be built in Australia. They now want all six submarines to be built in Australia.

Vickers had sought the A$26m project definition study contract and approximately 30 per cent of the total contract value of the building programme in Australia, representing the value of the UK content of the submarines.

The six submarines are all to be conventional diesel-electric powered. Mr Kim Beazley, the Australian defence Minister, said. Kockums and HDW "offered the most advanced technology available in conventional submarines."

A consortium led by Rockwell International, of the U.S. and the Dutch company Hollandse Signaal Apparaten were selected by Australia to develop a combat system for the non-nuclear submarines.

UK, Malaysia hit new snag in flight talks

BY WONG SULONG IN KUALA LUMPUR

BRITAIN AND Malaysia have hit another snag in their protracted negotiations for a fifth weekly flight to their respective capitals.

British Airways (BA) and Malaysian Airline System representatives, meeting in Kuala Lumpur, yesterday failed to agree on the operational date for the fifth flight, with BA putting up what MAS officials described as "new" demands.

The talks were held to discuss operational details following last month's "agreement in principle" between the British and Malaysian Prime Ministers, that both airlines should be allowed a fifth weekly flight within a year or two.

MAS wants to start the additional flight from June next year, to catch the summer traffic, and wanted discussions on a future sixth and seventh flight.

BA representatives argued that an additional MAS flight to London before April 1987 would result in "economic disadvantage to BA" which needed to be compensated.

BA therefore proposed to allow MAS to operate the extra flight starting in November 1986 on payment of a financial compensation, and that BA be given fifth flight freedom rights on the Kuala Lumpur-Bangkok and Kuala Lumpur-Abu Dhabi routes.

MAS officials described the BA demands as unreasonable because they said there was no mention of finanacal compensation in talks between the two Prime Ministers, while the fifth flight freedom issue should be discussed separately based on reciprocity.

Previously, BA objected to a fifth MAS flight to London on grounds that the combined BA-MAS load factor had not reached the trigger point of 67 per cent.

AP reports from Washington: Eastern Airlines has received White House approval to fly between Miami and London, a route left vacant when Air Florida ceased operations last year, a Department of Transportation spokesman said.

Aramco denies Saudi pipeline corrosion

By Finn Barre in Riyadh

THE ARABIAN American Oil Company (Aramco) has denied reports that corrosion damage on the existing East-West pipeline prompted construction of a new parallel crude oil pipeline. It says a recently completed inspection shows the line "is still in fine condition."

Aramco awarded two contracts, for the new pipeline—each of which was worth about $80m (£66m), to Saipem of Italy and to a consortium of the Lebanese contractor Consolidated Contractors International Company (CCC) and Mannesmann of Duesseldorf, West Germany.

Aramco is supervising the contract on behalf of the Saudi Government. The contract is expected to begin in June and finish in March 1987.

Ozal defends Bosporus bridge decision

TURKEY'S Prime Minister, Mr Turgut Ozal, yesterday defended his Government's decision to give a consortium of Japanese, Italian and Turkish companies the $551m (459m) contract to build a second bridge across the Bosporus, agencies report.

"The contract was rightly given to the lowest bidder," he said at the end of a four-day visit to Japan.

Mr Ozal said the choice was unrelated to a Y51.6bn (£166m) loan pledge by Japan to help build the bridge between Asian and European Turkey.

"The values of the contracts—whether there was credit or not—were quite far from each other," Mr Ozal stressed.

David Lennon in Tel Aviv examines measures to rehabilitate the economy

Israel avoids bitter medicine

THE ISRAELI handling of the economic situation is akin to a team of doctors deciding to cure a cancer patient by pulling out one his of teeth. That is how Mr Ezer Weizman, an outspoken and colourful minister without portfolio, summed up the feelings of many experts about the latest economic measures announced by the Cabinet.

However, even an extraction can be painful, as Israelis hoping for a foreign holiday this summer have discovered. The decision to double the travel tax paid by everyone going abroad to $300 will hurt. With other levies, the exit taxes now amount to as much as a return ticket to London.

After a marathon 12-hour meeting on Sunday devoted to seeking ways to rehabilitate the economy, the Cabinet decided to raise indirect taxes, freeze government contracts and hiring for three months and make foreign travel more expensive. The aim is to increase state revenue, cool the economy and save foreign currency.

The opinion of most Israeli economic experts, however, is that the positive impact of these measures will be marginal at best and that they will fuel inflation. They fail to tackle seriously the main problems of the economy: the almost $5bn current account deficit in the balance of payments, the resurgence of hyper-inflation, and the continuing erosion of the foreign currency reserves.

Mr Yitzhak Moda'i, Finance Minister, admitted frankly to the Knesset (parliament) on Monday when explaining the Government's decision, that the measures adopted had been determined by political and social, rather than economic considerations.

If the Government had been guided solely by economic wisdom, the minister said, it would have adopted one of two courses: it would have linked the shekel to the dollar or a basket of foreign currencies; or, it would have ended the linkage to the cost-of-living index of wages, capital and commercial commitments.

The Government had decided, however, that neither of these courses could be adopted for coalition and parliamentary reasons, and even more so on social grounds. Instead it had chosen the way of gradual progress, Mr Moda'i said, in his plea for understanding.

It is difficult for most Israelis to understand why the broad-based National Unity Government, which was formed eight months ago primarily to deal with the growing economic crisis, is incapable of producing a comprehensive policy and programme, opting instead for piecemeal measures.

Mr Yigal Cohen-Orgad, the previous Finance Minister, accused the Government of "taking the easy way out." He criticised the Government, in which his party is one of the senior partners, for refusing to face up to the fact that changes in the economy "must be painful and the standard of living must be lowered."

He is but one of many critics within the coalition who want to see the Government implement the agreed cuts in its budget. The Government, because of this dissatisfaction, has proved singularly unsuccessful in persuading the House to approve economic legislation, despite controlling more than three quarters of the seats in parliament, and dominating the Knesset committees.

The extent of the problem was illustrated on Monday when the Knesset finance committee, after months of delay, again refused to pass a law introducing high school fees and then broke up in disorder when it debated the proposal to impose property tax on car owners.

Mr Moda'i insists that the new steps are designed to complete the policy which began with the decision to cut the budget and curb inflation through a voluntary agreement with the unions and employers to control prices and wages.

The minister admits that the budget cuts of $1.5bn are proving difficult to implement as each minister fights to protect his domain and Mr Shimon Peres, the Prime Minister, insists that unemployment will not be used as an economic tool.

The Government's attempt to curb inflation and stabilise the economy through the agreement with the unions and employers did work for a few months after being introduced in November. But it suffered a severe blow as inflation in April rose by nearly 20 per cent. The latest measures will exacerbate this trend.

The next landmark in the continuing saga of Israel's economic tightrope-walking act will be the announcement from Washington that the $750m-$800m in emergency aid is on its way.

It will provide vital relief for the hard-pressed foreign currency reserves, which are likely to drop below the $2bn mark this month.

But unless the Government takes the bitter medicine needed to rehabilitate the economy, this will only temporarily halt the seemingly relentless slide towards insolvency.

Tokyo hints it may stimulate economy

By Jurek Martin in Tokyo

A SENIOR Japanese Government official again hinted yesterday at possible stimulation of the domestic economy if the slowdown in the U.S. worsened.

Reacting to Tuesday night's news that the U.S. gross national product in the first quarter of this year had risen at a real annual rate of only 0.7 per cent, Mr Noburo Takeshita, Finance Minister, told a parliamentary committee that if the hoped-for "soft landing" turned into a recession, Japan might be forced to act.

Mr Satoshi Sumita, Governor of the Bank of Japan, said it was clear the U.S. economy could not achieve the real 3.9 per cent growth predicted by the Reagan Administration. But, if the budget deficit could be attacked, the U.S. had not lost its potential for sustained growth and could achieve 3 per cent expansion this year.

Mr Takeshita did not go into detail on the Japanese economic policy options while addressing the parliamentary committee, beyond recommending relatively uncontroversial ways of expanding demand through deregulation and public works development on state-owned land.

However, Mr Toyoo Gyohten, an influential Finance Ministry official, said in an interview that there was virtually no chance of the ministry abandoning its zero growth approach to spending either this year or next. This would place the onus for any stimulus squarely on the tax policy side.

'India will need to quadruple bank borrowing'

BY JOHN ELLIOTT IN NEW DELHI

INDIA'S commercial foreign borowings now running at $1.2bn a year may have to jump to an unexpectedly high figure of $5.2bn a year by 1990 if the country is to meet its 5 per cent economic growth targets and absorb urgently needed imports.

This forecast is made by the World Bank in its annual report on India. The report also warns that the growth target may not be achieved unless the Government initiates "further vigorous thrusts" on proposed industrial and trade policy reforms to boost exports and improve industrial efficiency.

The World Bank controversially pleads India's case for more concessional aid, which has been hit partly by cuts in the World Bank's International Development Association soft loan arm and partly by China qualifying for such aid. It says India's needs are "undiminished" and that instead of declining concessional aid should grow by 5 to 10 per cent a year.

"Failure to take any measures to reduce India's prospective debt burden might well imply the loss of an opportunity to assist India in transferring to a path of accelerated, more efficient and more equitable development," says the report.

The warning is directed at major industrialised countries, including the U.S. The countries meet in Paris next month to decide on their annual aid commitments to India, currently running at about $4bn a year.

Generally the report praises India's record, but says its industrial performance is "disappointing." It repeatedly warns about problems ahead if India does not reform its industrial efficiency and utilisation, remove many controls, and improve the performance of the public sector.

Its strictures will generally please Mr Rajiv Gandhi, the Indian Prime Minister, who has launched a major liberalisation programme that has run into some opposition from older politicians both on the Left and in his own Congress I Party.

The report says that the 5 per cent growth target — up from 4 to 4.5 per cent this year — implies an increase in gross capital inflows from $13.5bn to $37.6bn between the periods of the current 1980-85 five-year plan and the end of the 1985-90 plan now starting. Foreign aid and private investment is expected to change only marginally, which leaves nearly the full additional inflow to be provided from commercial sources.

The bank warns that the 5 per cent growth target requires exports to expand at a record rate for India of 7 per cent next year and 9 per cent annually by 1989-1990, compared with 4 to 5 per cent annually over the past four years.

60 killed in East Beirut car bomb

By Richard Johns in Beirut

A MASSIVE car bomb was detonated in Christian east Beirut yesterday killing at least 60 people and injuring more than 120. Among the dead were 15 school children who were in a bus near the site of the blast.

The bomb devastated buildings over a wide area and several motorists were burned alive in their vehicles. Late yesterday victims were still being dug from the rubble and the death toll was expected to rise.

It was the worst car bomb ever to hit East Beirut, and the first since a suicide attack on a U.S. Embassy annex just north of the city last September killing about 12 people.

Panic increased after yesterday's blast when several artillery shells or long-range rockets exploded nearby.

No one immediately claimed responsibility for the attack which came as the mainly Moslem western half of the capital also lurched into further bloodshed and political turmoil.

The fighting around the Palestinian camps in the south east of the Lebanese capital took a new twist with the Shi'ite militia Amal coming into direct confrontation with Syria.

Amal has for the past several days been fighting to wrest control of the camps from Palestinian forces apparently loyal to Mr Yassir Arafat, chairman of the Palestine Liberation Organisation. As Syria is deeply opposed to Mr Arafat's leadership of the PLO, it had been assumed that it had tacitly approved the Amal action.

However, yesterday Shi'ite attempts to advance were thwarted when four Soviet-made Grad missiles landed at the entrance to Chatila camp. The missiles were apparently fired by forces of the Democratic Front for the Liberation of Palestine which is allied to Syria.

Damascus thus appears to have given notice that Amal has gone too far in its crackdown on the Palestinians. This view was given additional weight by the fact that pro-Syrian Palestinians have also been fighting within the camps to halt the Amal advance.

Amal casualties are believed to have been far higher than the 40 dead admitted yesterday. Hospital doctors said they had received at least 100 Amal dead.

Israel, PLO 'in talks over release of more prisoners'

BY OUR MIDDLE EAST STAFF

A SENIOR official of the Palestine Liberation Organisation indicated yesterday that negotiations are taking place with Israel over the release of more Palestinian prisoners.

Mr Khalil al-Wazir, the principal military aide to Mr Yassir Arafat, the PLO chairman, said in Amman that it was premature to give any details "while some steps have still to be taken."

His comment followed a report in a Jordanian newspaper that talks were taking place over the release of 1,012 Palestinians in Israeli jails in return for a number of bodies of Israeli soldiers held by Fatah, the main guerilla group headed by Mr Arafat.

On Monday, Israel freed 1,150 prisoners in return for three of its soldiers captured by the Popular Front for the Liberation of Palestine-General Command during the invasion of Lebanon in 1982.

The exchange has caused bitterness among Israelis, particularly because some of the released prisoners who had been convicted of serious terrorist offences were allowed to return to their homes on the occupied West Bank and Gaza Strip.

The PFLP-GC warned in a statement from Damascus yesterday that it would retaliate if the Israeli authorities attempted to take any further action against the released prisoners.

Zaire seeks debt rescheduling

BY PETER BLACKBURN IN ABIDJAN

ZAIRE IS due to seek another rescheduling of its official debt, the seventh in the past 10 years, at a meeting in Paris on May 23-24. It is likely to be followed by a meeting with the London Club of commercial creditors.

Debt service to both official and commercial creditors is estimated at $900m (£707m) in 1985 against projected export earnings of $1.7bn and a budget of $800m.

Zaire is reported to be seeking to reschedule some two-thirds of debt payable this year amid signs that last year's remarkable economic improvement is now faltering.

The meetings follow the recent approval of a new one-year SDr 162m (£126m) IMF standby arrangement which supports the Government's austerity programme aimed at bringing the country's finances back into balance.

It aims further reduce the external current account deficit, restrict public sector credit and bring inflation below 20 per cent.

However, Mr Kaderaka Kasai, Zaire's Secretary of State for Planning, recently told an aid donors meeting in Kinshasa that economic indicators for the first quarter 1985 were "disturbing."

Output is down, inflation up to around 30 per cent from less than 20 per cent and the depreciation of the Zaire against the dollar and other major currencies has accelerated, he said. As a result the economic gains in 1984, notably the virtual disappearance of the black market and a sharp drop in the over 100 per cent inflation rate, have been eroded.

The Government recently borrowed $25m from local banks causing an acute shortage of foreign exchange for imports. Businessmen also complain that severe IMF credit restrictions have depressed activity.

Criticism of the IMF-inspired austerity programme was significantly publicised after a recent meeting of the central committee of the ruling party. Members complained that the IMF was interpering with national sovereignty as well as targets in health, education and social services set last December at the start of President Mobutu's new seven-year mandate.

In spite of Government assurances that the IMF's new programme would be implemented, a recent surprise reshuffle of top economic posts has been seen by some observers as a warning that the fund should not carry out its financial spring cleaning too fast.

The reshuffle was reportedly triggered off by an overzealous Finance Minister, Mr Tshishimbi Wa Bilenga, freshly arrived from the IMF in Washington, who insistedthat certain unexplained expenditures be accounted for. The Minister was subsequently shifted and now heads the Public Debt Office.

Eanes discusses Macao's future with Peking

By Robert Thomson in Peking

THE FUTURE of Macao, the small territory of southern China under Portuguese administration, was discussed in a meeting between Zhao Ziyang, the Chinese Premier, and Sr Antonio Ramalho Eanes, the visiting Portuguese President.

During the two-hour meeting at the Great Hall of the People, Premier Zhao and the Portuguese President, who is the first head of state from Portugal to visit China, "exchanged views on the Macao question in a friendly and understanding atmosphere," according to a Chinese Foreign Ministry official.

The official would give not details of what views were exchanged, but the fact that both countries are prepared to admit that discussion on the Macao issue took place is significant.

There has been speculation that President Eanes's visit could herald the start of an effort to settle the question of Macao now that the future of Hong Kong has been solved.

Macao was first settled by the Portuguese in the 16th century as a base for trade with China. Now Lisbon regards Macao as a Chinese territory under Portuguese administration.

Zimbabwe to end freeze on dividends remittance

BY OUR HARARE CORRESPONDENT

ZIMBABWE'S Minister of Finance, Dr Bernard Chidzero, has attempted to restore investor confidence by lifting a freeze on the remittance of dividends.

He said at a press conference on Tuesday that a review of the balance of payments situation and its medium-term outlook had made it possible to lift the suspensions, imposed in March last year. Companies would also be granted an across-the-board foreign currency allocation for imports of 30 per cent.

The freeze on dividends, branch profits and partnership profits was effected to prepare for what the Government believed then would be a massive food import bill, brought about by the third year of drought.

As it turned out, the Government imported 225,000 tonnes, less than a quarter of what it had originally thought would be necessary.

Repayments of the frozen dividends are only likely to be released at the end of next year, however.

Dr Chidzero said that those suspended since March last year and those declared during the rest of this year would be released through a system of 4 per cent bonds, paid out annually for the next six years.

From the beginning of next year, however, the original Government policy of dividend remittability would be reinstated, which is at a maximum of 50 per cent of after-tax profits.

Banking sources estimate that the total sum of frozen dividends now amounts to £70m ($88.9m). The figure may not go much higher for the rest of the year, said one banker, "because of an understandable reluctance now to declare a dividend."

The Government was still reviewing the suspension on the remittability of other incomes, Dr Chidzero said, and the current restrictions would remain in force.

Dr Chidzero said the measures would "enable the current economic recovery to be sustained over the medium term." He also hoped that the restoration of dividend remittances would "encourage a significantly higher level of foreign investment."

Mr Robert Mugabe, Prime Minister, last month put the balance of payments deficit on current account for last year at £61m after 1982's disastrous £268m. The latest Reserve Bank of Zimbabwe review estimates that 1985 will even show a small surplus.

Germany's schooling 'far more effective'

BRITAIN had little chance of matching Germany's economic performance as long as the comprehensive secondary schools were controlled by different local authorities, said an article in the National Institute Economic Review.

It claimed that Germany, which largely retained selective schooling, catered far more effectively for children whose intelligences ran in other than academic directions.

The plans of Sir Keith Joseph, Education Secretary, to improve the education of less scholarly pupils in the UK were hampered because the decentralised control of schools made it hard to achieve the necessary co-ordination.

The report said that the link between Germany's schools and its economic success lay in the effective way it educated children with lower academic aptitudes. They left school with much better developed abilities than their English counterparts, particularly in mathematics, which provided a foundation for training in working skills.

The main educational reason for Germany's economic lead over the UK was not differences in graduate populations, but in Germany's far greater number of vocationally-trained people.

Institute forecasts, Page 10

□ **THE GOVERNMENT** is to spend £94m to convert the Kilroot power station, near Belfast, from oil to coal, to cut the high cost of electricity in Northern Ireland.

The four-year project is expected to pay for itself within three years and will make a big contribution in cutting the subsidies, approaching £100m a year, which are given to Northern Ireland electricity consumers.

The conversion should provide valuable orders for the British coal industry, which will be able to increase its supplies of power station coal to the province from ½m tonnes a year to 1.3m.

□ **KCA DRILLING,** an independent UK oil drilling and engineering company, has joined forces with Sweden's Venture AB in a $34m deal to acquire and operate the jack-up drilling rig STC Platon.

KCA will own 60 per cent of the new company and STC Venture 40 per cent. The rig, built in 1982, will be renamed after its handover in August from its present contract in the Dutch sector of the North Sea.

□ **ORDERS** by the leading UK process plant contractors were up by 32 per cent last year, to £264m. Turnover, however, fell by 47 per cent to £318m. This was caused partly by poor orders in 1981-82 and by a change in contracts from lump-sum payment to a fee basis, says the British Chemical Engineering Contractors Association.

□ **MR RAJIV GANDHI,** the Indian Prime Minister, has accepted in principle an invitation to visit Britain this year, Sir Geoffrey Howe, the Foreign Secretary, announced.

□ **AN IMPROVED** pay offer expected from teachers' employers today is unlikely to be worth more than 5 per cent and is almost certain to be rejected by the unions.

Earlier hopes that a substantially higher offer would be tabled, possibly on a phased basis, have been undercut by warnings from most county councils that they have only budgeted between 4.5 and 5 per cent and cannot afford more.

□ **THE GOVERNMENT** is to publish a long-sought White Paper policy document today on conservation and the countryside, designed in part to answer criticisms of its Wildlife and Countryside Act and of the alleged environmental damage provoked by agricultural policy.

Its publication will also be greeted with great interest by farmers, who have been seeking a broad government statement on countryside policy with increasing frustration over the last few months.

Further radical change promised by Thatcher

BY PETER RIDDELL, POLITICAL EDITOR

MRS MARGARET THATCHER, Prime Minister, yesterday presented the Conservatives as the "constructive party" committed to further proposals for radical change.

She gave a London conference of women party members a list of government social, economic and industrial initiatives which, she said, represented "the most concentrated collection of constructive long-term policies that I have known in my 25 years in parliament. And there's more to come. And we're still only at mid-term."

Earlier in the conference, in reply to a debate on the presentation of Government policy, Lord Whitelaw, the leader of the House of Lords, implicitly attacked the new group of Tory MPs, Conservative Centre Forward, led by his former close colleague, Mr Francis Pym.

Without mentioning Mr Pym by name, Lord Whitelaw said that "some divisions and cracks will upset the best presentation just at the moment when it is succeeding.

"No one has a monopoly of caring about unemployment. I get very angry when I hear some people differentiate themselves from others – particularly in my own party – saying they care and others don't."

Lord Whitelaw warned that the Tories would never win the next general election "unless we are prepared wholeheartedly, and all of us, to stand up for Mrs Thatcher, our leader, and give her the support that she so fundamentally deserves."

The party's problems are underlined by an opinion poll in today's Guardian newspaper, which puts it, at 29 per cent, behind Labour and the Alliance which are level pegging at 35 per cent. This represents a seven point gain for the Alliance over the past month with Labour slipping back by three points and the Tories by four.

Risk claimed to drug research

BY TONY JACKSON

GOVERNMENT insistence on cheap drugs could cost Britain its lead in pharmaceuticals research, according to a new report. It claims that countries such as Australia and Canada, which have pursued a cheap drug policy in the past, are now paying the price in the form of a widening trade deficit in pharmaceuticals.

The report comes from the Office of Health Economics (OHE) in co-operation with the Medizinische Pharmazeutische Studiengesellschaft of West Germany. The OHE is financed by the ABPI, the UK drug industry association.

Despite its industry links, the report contains some conclusions which are at variance with the industry's stance. In particular, its authors said yesterday that the controversial limited list of prescribable drugs under the National Health Services, introduced last month by the UK Government, was unlikely to have a significant effect on the industry as a whole.

In West Germany and the Netherlands, said Professor George Teeling Smith, similar limitations on minor remedies had been imposed. Both countries had since experienced the phenomenon of "diagnostic drift," whereby doctors – instead of prescribing cheap alternatives for minor ailments – tended to prescribe more sophisticated and expensive drugs still available on prescription.

The report claims that there is no necessary relationship between drug prices and overall costs. In particular, France is pointed to as having strict controls on drug prices, but a per capita consumption of drugs twice has high as the British.

The report emphasises that whereas limitations in drug profits so far imposed in Britain are unlikely to harm the industry significantly, further such limitations could be dangerous.

The argues that in Canada government policy has been "disastrously myopic." A combination of weak patent protection and a cheap drug policy had meant that Canada now carried out no significant pharmaceutical research. Its negative trade balance on drugs had widened from $122m to $213m in the four years to 1979.

Pharmaceuticals in seven Nations. Office of Health economics, 12 Whitehall, London SW1A 2SY. £2.50.

David Churchill on the plans behind a £492m takeover bid

What's in store for Debenhams

TWO OF BRITAIN'S brightest retailing entrepreneurs – Sir Terence Conran of Habitat/Mothercare and Mr Ralph Halpern of the men's clothing chain Burtons – yesterday joined forces to mount the long-awaited takeover bid for Debenhams department stores.

The move, which had been one of the worst-kept secrets in the City of London for some weeks, brings to an end almost 13 years of continual takeover speculation surrounding Debenhams since the UDS group failed in its takeover bid in 1972.

The two retail chiefs plan to inject into Debenhams some of the design and marketing flair that has made their respective companies so successful in the 1980s. They aim to adapt the marketing formula initially developed in Milan with the Galleria department stores – since copied in the U.S. – and introduce it into Debenhams' 67 UK stores.

The Galleria concept, according to Mr Halpern, is for an "integrated collection of highly focused speciality stores under one roof." This means putting stores such as Habitat, Mothercare, Dorothy Perkins, and Burton into Debenhams, as well as making the department stores a more exciting place in which to shop.

BURTON

Mr Robert Thornton, Debenhams' chairman, and the rest of his board were quick to reject the bid. Mr Thornton was irritated by the way in which Mr Halpern yesterday put forward his marketing plans with such razzamatazz. "Why should I introduce someone else into Debenhams stores when we're already carrying out the changes they're talking about?" he insisted.

Over the past few years, Debenhams has embarked on a management restructuring to make staff more accountable for sales and has made considerable strides in improving the store with the aid of design consultants. It has introduced well-known retailers into the store – such as Harris Queensway – either as concessions or as joint companies.

Earlier this month Debenhams announced trading figures – profits up by 24 per cent to £41m on sales of £723m – to justify some of Mr Thornton's belief that he is succeeding in making the most of the stores.

habitat/ mothercare

What is missing from the Debenhams revival formula is the design flair and motivational skills which Sir Terence and his senior colleagues can bring. Over the past three years he has acquired the children's chain Mothercare, the London furniture store Heal's and the fashion chain Richards Shops – three retailers with problems – and turned them into flourishing stores without having to inject large capital or bring in new retail managers.

Sir Terence recognised what he could do for Debenhams at the beginning of this year and held secret talks with Mr Thornton and his colleagues about a possible merger, since Habitat/Mothercare did not have the finance for a full-scale takeover bid. "We discussed in some detail the kind of Galleria concept that I felt would be suitable for Debenhams stores," Sir Terence revealed yesterday.

The Debenhams board, perhaps anxious to continue with their own retailing formula, turned down the merger. But the fact that the talks had taken place forced other retailers, especially Burton, to consider mounting a takeover bid.

About a month ago, Sir Terence started talks with Mr Halpern about joining in any takeover bid. The Conran reputation was all that was needed for Burton to press ahead with its bid plans and about two weeks ago it acquired a stake of 1m shares (at a purchase price of 280p each) in Debenhams.

Habitat/Mothercare's actual degree of involvement was not settled until an agreement was signed early yesterday morning. Habitat/Mothercare is committed to taking at least 20 per cent of Debenham's 4.5m square feet of selling space if the deal goes through. It has an option to buy by the end of next year some 20 per cent of the equity in Debenhams at a price equivalent to Burton's purchase costs.

DEBENHAMS

The man on whom falls most of the pressure to make a success of Debenhams is Mr Halpern. He has been with the Burton Group for over 20 years, becoming chairman in 1981. He was largely responsible for the turnround in Burton's fortunes in the late 70s and 80s – transforming an old-fashioned menswear chain into an aggressive retailer of casual clothes for the affluent young.

In the early 1980s Mr Halpern had similarly revamped the Dorothy Perkins, Top Shop and Evans womenswear chains

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Tourists to have more air travel protection

By Michael Donne

BRITAIN's 8m package holidaymakers travelling by air every year are to have additional protection against losses arising from the failure of tour operators.

Under government arrangements announced yesterday, the Air Travel Reserve Fund Agency – which in the past has administered compensation to holidaymakers – will be wound up and its functions transferred to the Civil Aviation Authority (CAA). Its cash reserves of over £20m will be held in trust and administered by the CAA.

The CAA will in future be responsible for collecting the cash for the fund through the existing levies on holidaymakers and tour operators. It will pay compensation whenever a tour company or operator goes out of business.

The CAA is already responsible for licensing tour operators and aircraft and allocating the numbers of seats that can be sold annually for package holidays. It is therefore thought that it is in a better position to monitor the overall situation.

The second main innovation will be a top-up insurance scheme that will generate extra cash for use in the event of a large tour operator's failure. There will be no extra cost to the travel industry since the additional premiums involved will be provided from the existing income of the fund.

The Air Travel Reserve Fund and its administrating agency were set up after the failure of the Court Line travel company in 1974.

MacGregor rejects amnesty for miners

BY MAURICE SAMUELSON AND JOHN LLOYD

MR IAN MacGregor, chairman of the National Coal Board has flatly rejected an appeal for a general amnesty for miners sacked during the year-long strike which ended in March.

He said the message from the industry's own workforce was that "leniency would be regarded as a disaster."

Some 670 miners remain dismissed from a total of nearly 1,000. Appearing yesterday before the House of Commons select committee on employment, Mr MacGregor had been asked by Mr Greville Janner, (Labour): "When are you going to bind up the wounds? The war is over." Mr Janner accused the coal board chairman of "knowing practically nothing about industrial relations."

Mr MacGregor appeared most ill at ease when forced to acknowledge that he had never been inside an industrial tribunal inside the UK, although he said he had attended such hearings in other countries.

At one stage, Mr Ron Leighton, the committee chairman, said: "If the (NCB) chairman could relax it would be better." Mr MacGregor replied: "I'm perfectly relaxed."

More UK news Page 10

Mr MacGregor seemed particularly stirred by persistent and close questioning from Mr Gordon Brown (Labour), who divided his questions between the board chairman and Mr Albert Wheeler, formerly Scottish area director and now Nottinghamshire area director.

Mr Wheeler told Mr Brown that more than 90 per cent of the 200-plus miners sacked in Scotland – none of whom has been reinstated – had been sacked for intimidation, serious violence or vandalism.

However, none had a prison sentence, only one was known to have had a jury trial and – according to

Mr Ian MacGregor

Mr Brown – 80 per cent have had fines imposed of less than £100. Some had been found innocent by the courts.

Both Mr Wheeler and Mr MacGregor insisted that only board officials could judge what was a serious, and thus a sacking, offence. "Who else's decision would it be, Mr Brown?" asked Mr MacGregor. The board chairman said that this procedure was in line with practice elsewhere in industry.

Some 450 of the miners sacked have taken their case to industrial tribunals, according to the board. This, said Mr MacGregor was the proper machinery for appeal. Only nine cases have so far been heard.

He frequently interjected into questions directed at his colleagues and continually insisted that the circumstances of the year-long strike were unique in being more lawless and more violent than anything which had been seen before in the UK. They thus, he said, called for a different response.

Mr Arthur Scargill, NUM president, said that in Scotland, the north-east of England and Kent, the board had pressed a much tougher policy on dismissals than in other regions. He said: "This cannot be divorced from the fact that they (the board) wish to close large sections of the industry in these areas."

Companies to study prospects for U.S. star wars contracts

BY DAVID MARSH

THE HEAD of the U.S. star wars missile-defence project is to visit London next month to explain to British industry how it could participate in the $26bn research programme.

Lt General James Abrahamson, director of the U.S. Department of Defence's Strategic Defence Initiative (SDI) Organisation, is expected to talk to companies mainly in the software and missile industries at a briefing organised by the Ministry of Defence.

The UK Government has yet formally to respond to the invitation by the Pentagon, issued to the U.S.'s Nato allies as well as Japan and Israel, to join the five-year SDI project. The programme, known popularly as star wars, is aimed at developing technologies that would form the basis of a defensive shield against Soviet missiles.

Britain is also discussing with other West European nations a rival scheme proposed by France, called Eureka, that would promote the development of new technologies for non-military projects. France has already said it will not participate in star wars.

According to industry observers, Britain could play a part in the SDI project in three key technical areas, in each of which the country has some of the world's top scientists and engineers.

● **Software technology:** Companies such as Software Sciences (part of Thorn EMI), CAP, Logica, Systems Designers and Scicon (a BP subsidiary) are strong in the area of software-related to complex military systems. Huge volumes of instruction would be needed in star wars computers that would, for instance, keep track of enemy missiles, interpret information from sensors such as radars and relay messages extremely quickly to weapons such as laser guns or conventional missiles.

● **Battle management:** Similar companies, with Britain's electronics heavyweights such as Plessey, Marconi and Racal, have produced computer-based hardware for Nato and the UK Defence Ministry that assesses the state of battles from a mass of information. Such systems would be required to evaluate the threat from Soviet missiles and decoys and to simulate attacks to test the response of shielding measures.

● **Conventional missiles:** American defence planners believe that, at least in the early generations of an operational missile-defence system, weapons to destroy incoming projectiles would be based on conventional missiles powered by rocket motors, rather than laser and particle-beam guns that fire at the speed of light. British Aerospace, Marconi and Hunting Engineering may have something to offer the U.S. in these areas of technology.

Views in industry are divided as to whether the U.S. would be prepared to place contracts directly with UK companies or whether British industry would have to work within U.S. consortia. Dr David Stanley, technical director of Logica, said that direct contracts could not be ruled out, in spite of U.S. fears that such mechanisms could act as conduits for the leakage of sensitive technologies to the Soviet Union.

THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

"I don't think that's quite what the client meant by targeting"

No longer is it the more the merrier

Advertisers now prefer selected audiences. Fiona McEwan reports

ONCE UPON a time, the talk in advertising industry circles was all about mass media. Audiences were measured primarily by size and were random at that. Nowadays, talk is as likely to be of ??????? tactics—the business of fine targeting specific audiences.

The good old days are numbered. Then, advertisers and their agencies did their sums on a straightforward cost-per-thousand basis (that is, the ratio of the number of people, broadly termed "housewives," who saw, heard or read a given message in relation to the cost of that message).

Today, the buzzwords are fragmentation and selectivity, the implications of which are causing something of a revolution in advertising thinking.

The signs of fragmentation are all around — on every newsstand and on many airwaves. On television, the ultimate mass medium, Channel 4 and TVam have struck a blow for selectivity. Cable promises to do more. Major regional newspapers are heavily into zoning (some, like the Wolverhampton Express and Star, have as many as 10 zones) enabling advertisers, such as retailers and estate agents, to reach regions within regions. Specialist magazines are multiplying greedily in both free and paid-for sectors.

The free press has long recognised the merits of targeting and therein lies much of its strength. It targets its audience closely, be it by income level (*London Portrait*, which goes to houses in certain areas of London worth over £100,000), by interest (*Home and Law's Exchange Contracts* is distributed through estate agents and solicitors to home-buyers) or by geographical location.

Jeff Fergus, managing director of Grandfield Rork Collins advertising agency, believes that "people genuinely recognise that one mass message is questionable now." He gives two reasons. Markets are more competitive, and one way of keeping an edge is finer targeting with less wastage.

All of which means a revising of the media function in advertising — that is, the planning and buying of space and time. "The proportion of an advertiser's time spent on media is rising continually," says John Billett of media independent Billet & Company.

For all the escalation of media opportunities and growth of specialist titles and channels, fuelled by advertising revenue growth, the consumer is apparently not spending more time consuming, explains Billett. In fact, the size of individual media is declining. Though consumer magazines, for example, have mushroomed in the past 20 years, he says, their individual circulations have diminished. What this means is that in the next few years, with forecasts predicting fixed costs and static ad revenues, "a not insignificant number of media of all sorts will close, unless they put to one side economic considerations, as Fleet Street has traditionally done."

For the press, selectivity has always been its strong suit. This is something, says Fergus, on which it should now be capitalising. It offers flexibility and chances to experiment in a way TV cannot—its costs are so high that an advertiser must be very sure of getting it right before embarking.

In the magazine sector, new launches show specialisation working in a number of ways—by age (Just 17, Mizz, Smash Hits), by interest (A La Carte for foodies, Country Living for country livers, Instore for furniture buffs). "The editorial fish eye lens doesn't work any more," says David Shields, marketing manager of National Magazines. "It is relatively unlikely that we'll see any more mass appeal women's magazines in the Women's Realm, Women's Own mould. The concept of appealing to all women is a thing of the past. Editorial hooks have to be sharper, aimed at a particular kind of woman or man. Sharp advertisers showed how—with ads in Working Woman for building societies and British Telecom, *tailored specifically* for working women.

The Regional Newspaper Advertising Bureau, which represents 90 per cent of the regional press boasts a computerised database to help advertisers define markets more precisely. "The trend for zoning," says Alan Garth of the RNAB, "began when the regionals found they were pricing out the small local advertiser who did not want to reach the whole region." Now the Fine Fares, B & Qs, Texas stores, Tescos and C & As have started buying area by area, fine tuning their messages to local store prices and offers.

The Bureau defines audiences demographically, as it did for Global Holidays which caters for the over-65-year olds. It identified regions where there was a denser population in this age group and then matched them with the papers which served them.

Television and mass appeal are inseparable. The medium has built its stature and its brands on what it does, and will continue to do very well in terms of delivering mass audiences for advertisers.

But television too can be targeted. True, this is the selling platform of Channel Four with its minority occasional audiences and TVam with its young mums' profile, "but," says John Billett, "selectivity is now possible in TV"—the catch is that you must be prepared to do the analysis yourself, since available BARB (Broadcasters' Audience Research Board) data does not apparently define audiences selectively enough yet.

"You can waste a hell of a lot of money if you do not buy selectively, and some things that seem unaffordable may be affordable as a result," he says. He cites his experience with Andrews MacLaren, the baby buggy brand leader. A non-TV advertiser, MacLaren might have remained so if it had relied on available data from BARB, whose monitoring of the target audience (ABC1C2) housewives with children) was "hopelessly inadequate." On the face of it TV seemed a poor bet. Billet conducted more detailed research to identify the target group's selected viewing. It found that in one peaktime slot (which BARB showed had an 18 per cent rating among housewives with children) Billett found the real target audience (ie ABC1C2 housewives with children) was as much as 27 per cent.

This persuaded MacLaren to try TV. Results showed that sales far exceeded target.

The biggest change on the media scene according to Billett, is the arrival of the multi-set home. "Television was the ultimate family pastime. Now it's an individual medium. Video and cable will make it more so." In the early TV days, when Wagon Train and Coronation Street were netting audiences of 70 per cent, (though there were fewer sets then) selectivity seemed unnecessary.

Fewer channels, high ratings, and TV contractors fighting for share, have all helped to produce the commodity market of television today. Increased selectivity together with falling revenues is said to be causing havoc with the contractors, used as they are to a pre-empt card system and premium prices. "Now," says Billett, "the gap between highest and cheapest prices for a slot has increased, so the chance of buying selectively and cheaply has increased."

Billett gives another example: the News at 10 and T. J. Hooker both showed similar rating of 25 per cent of viewers at peak time (1984 figures). Yet when broken down further into *ABC1 housewives* it transpired that the News netted 23 per cent and Hooker only 16 per cent.

Again for advertisers wishing to reach large families of say *ABC1 housewives with children* (such as manufacturers of white goods, or certain foods) the News at 10's performance against The Professionals was revealing. In size, both showed the same rating (15) but in profile they were quite different. In terms of *ABC1 housewives with children*, the News netted 10 per cent and the Professionals 17 per cent. "Thus," says Billet, "for the same audience size an advertiser would be getting 70 per cent more of his real target audience for the same money. It used to be said you had to pay for selectivity" . . . such as Granada's Jewel in the Crown with its upmarket audience at premium prices.

This week, the Association of Media Independents has put forward proposals for a new form of media research to reflect more accurately the increased selectivity of viewing habits. "The industry must change its emphasis," says Billett. "At the moment it is geared up by medium. It must increasingly look at minority audiences and the reach *across* the media, both at an audience's viewing *and* reading."

Selling to Japan

Now the official version

BY CARLA RAPOPORT

JAPAN'S TRADE surplus with the rest of the world is so embarassingly large that Government officials and top business executives all want to be seen to be correcting the balance. Sell us your goods, they say, our doors are open.

Well, almost. An executive with one of Japan's top automakers last week put down a glass of Dutch beer and said: "Our car market is the freest in the world. Foreign cars are taxed exactly like domestic ones. I am getting tired of hearing these complaints." But how do car makers sell their products in Japan?

They sell them door-to-door. Nissan employs 20,000 young salesmen across the country to flog its cars. Toyota, Japan's largest car maker has nearly 30,000 foot soldiers. With this army to contend with, how could Chrysler ever hope to compete?

To date, answers to these kinds of question have been offered by expensive business consultants, a plethora of books written by foreigners about Japan, or just the simple school of hard knocks. With the exception of a minor Government agency specialising in external trade, the Japanese themselves have been conspicuously unrepresented in the literature of the how's and why's of selling in Japan.

This month, however, one of the best known bodies in Japan, Miti, the Ministry of International Trade and Industry, issued a small, bilingual book entitled "Selling to Japan From A to Z." It is worth the 980 yen (about £2.80) investment.

Miti, as most Europeans know, was the agency responsible for devising the industrial strategy which turned Japan's industry into the powerhouse that it is today. Its power has diminished somewhat in recent years, if only because Japanese business these days needs little government help to continue to prosper. But it has now adopted a highly international profile and it is an unquestionable sign of the times that it is Miti which is now seeking to guide foreigners into Japan's huge domestic markets.

The book, unfortunately, does not amount to a magic wand which will *instantly* erase a company's problems in approaching Japan. In some areas, such as banking, government regulations have to change. In others, such as telecommunications, attitudes must change.

In the meantime, however, Miti's new handbook describes a number of successful companies in Japan and underlines what they did right. It also explains the Japanese attitude towards business and the Japanese consumer's attitude towards buying. In the course of doing both things, it underscores the pitifully small dent on the Japanese market which foreign firms have made so far and goes some way toward putting some of the blame for this on the foreign companies themselves.

For *example*, Miti's book points out, a British bus manufacturer lost a £14m Japanese contract for double-decker buses in 1982 because the UK firm declined to adapt the buses to Japanese traffic regulations. The deal went to Van Hool of Belgium.

Delivery

The book also faults foreign firms for unreliable delivery dates. Matsushita, the world's largest electrical goods company, *for example*, holds two to three months' inventory of foreign parts for all the foreign goods it uses because it cannot rely on delivery. Most Japanese firms like to hold little to no stocks.

Further, the Japanese expect higher quality specifications than many other foreign countries. According to Miti, Semitkron International, a West German electronics firm, carries out much more stringent tests for its products heading for Japan than to other countries. Sales by Semitkron in Japan have increased eightfold since 1978.

Miti acknowledges that foreign companies get very impatient with Japan's consensus approach to business decisions. In one of the many surveys done for the book, Miti found that a full 70 per cent of foreign businessmen working in Japan said the country should modify its business practices to conform to international standards. The rest said that local customs should be respected.

No prizes for guessing Miti's response to this problem: Japan will not change. But, in true Japanese fashion this is not spelled out. "Looking more closely," the book advices, "you quickly find that (all the local business customs) are part of a process a Japanese company goes through to ensure it can have a long-term, trusting relationship with the foreign firm."

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A Honda executive is quoted as follows: "Even supposing the other party makes a good offer, I always have them show me their factory. I do that to check if it's really possible for them to provide the quality, prices and stable supplies it would take to fulfil the order."

Once a trusting relationship is established, it takes "a very big upset before business ties are severed," reports Miti.

Further, Miti chides foreign firms for aiming at the high-priced low-volume market in Japan. "If exporters and sole agents adopt a high pricing policy with extremely excessive mark-ups, they have to keep in mind the possibility of facing sharp reactions from consumers. It would seem that the time is ripe to take a new look at pricing strategy," Miti advises.

The book spends a lot of energy on attempting to dispel foreign beliefs about Japan, such as impenetrable distribution networks, the uselessness of the Japanese trading companies to foreign exporters, and the vexing tendency of retailers to return large amounts of unsold goods to manufacturers. In this area, it doesn't do such a good job.

According to Miti, the big trading companies were responsible for introducing Norwegian toothbrushes, West German chain-saws and American portable electrocardiographs into Japan. If these were the best examples Miti could come up with, one has to believe that the trading companies, accounting for a stunning 26 per cent of Japan's GNP are not terribly interested in promoting foreign goods. The section on joint-ventures such as Schick of the U.S. and Seiko, is more convincing.

And nowhere in the book does Miti deal with profit margins. The bottom-line, according to Miti, is that a long-term investment in Japan will pay off—in the long-term.

Japan Trade Centre, 19 Baker Street, London W1M 1AE.

UK NEWS

City tower by Mies rejected as 'obtrusive'

By Joan Gray, Construction Correspondent

THE GOVERNMENT has rejected a controversial proposal to build an 18-storey office block next to the Mansion House in the City of London, but it has left the way open for demolition and redevelopment on the site.

Mr Patrick Jenkin, Secretary of State for the Environment, has refused property developer Mr Peter Palumbo planning permission to demolish the listed Victorian buildings and build the last glass tower designed by the leading modernist architect Mies van der Rohe, who died in 1969.

The proposal has been the subject of a lengthy planning inquiry and bitter debate between conservationists anxious to stop any more demolition to build offices in the City and developers pressing for more office space. Far from settling the issue, however, yesterday's decision will fuel the argument further, Mr Palumbo is determined to keep fighting.

"Mr Jenkin's verdict just creates confusion after 27 years of inconclusive debate over the site," said Mr Palumbo. "The country needs jobs, and the City of London requires a proper business environment to resist competition from financial centres such as New York and Tokyo. It cannot compete in the 21st century out of 19th century premises."

Although Mr Jenkin rejected the proposal on the grounds that the Mies tower would be "obtrusive" and "eliminate the strong sense of the central focus served by its radiating roads signalling the very heart of the City," he emphasised that he did "not rule out redevelopment of this site if there were acceptable proposals for replacing the existing buildings."

In a paragraph diverging from the opinions of his planning inspector, Mr Jenkin supports the developers view on the need for modern offices in the City. "For the City to continue to function efficiently as a world financial centre it needs to adapt to the requirements of the modern commercial world ... it would be wrong to attempt to freeze the character of the City of London for all time," he says.

Mr Palumbo declined to say yet what his next move will be.

NATIONAL INSTITUTE FORECASTS OVERRUN IN PUBLIC BORROWING

Small scope seen for tax cuts

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE GOVERNMENT is likely to have little scope for tax cuts in the next budget and faces a further overrun in public borrowing this year, the National Institute of Economic and Social Review says in its latest economic review published yesterday.

It says that the £3½bn which the Treasury has pencilled in for tax cuts in 1986-87 will be swallowed up by increased borrowing demands.

The Government has assumed a public sector borrowing requirement of £7½bn for that year, but the institute says borrowing would be more likely to be £10½bn to £11bn if the Government went ahead with the tax cuts.

The institute is also pessimistic about the trend of public borrowing this year, which it says is likely to be £1½bn to £2bn over the £7bn target.

The institute comments that in the current year the difference between its forecast and the Treasury's is within the very substantial margin of error for such forecasts. Nevertheless, the institute does seem to cast worrying doubts about the Government's ability to hit its borrowing targets.

It comments that if an overshoot in public borrowing resulted from a fall in government oil revenues, the effect on domestic money supply would not be particularly expansionary.

The main reasons for the institute's pessimism for the next financial year are that it expects the rate of economic growth to fall sharply in 1986, with unemployment continuing to rise.

Lower growth and a much smaller increase in company profits would reduce the Government's tax revenues, while higher unemployment – projected to reach 3.26m adults by the end of next year – would increase the cost of social security benefits.

The institute expects some weakening of the oil price as a result of a projected fall in the exchange rate of the dollar. But it does not think sterling will benefit as much as the D-Mark and the Japanese yen.

One consequence of this is that oil prices in sterling terms are expected to fall, thus reducing the Government's revenues from the North Sea.

For this year, the institute predicts an economic growth of 3.2 per cent compared with real output in 1984. Of this about one percentage point represents the recovery of coal production after the end of the miners' strike.

In 1986, output is projected to be 1.2 per cent higher than this year's level but the institute says: "These annual figures mask the extent of the slowdown; through next year, output rises only fractionally."

The main reason for the slowing of economic growth in 1986 is the expectation that exports and investment will slow down substantially. A rebuilding of stocks is expected to provide a significant boost to the economy this year but this will go into reverse in the latter part of 1986 as stocks are rebuilt at a slower rate.

Exports are expected to decline in response to a general slowing in the pace of world trade. Investment, the institute says, is likely to grow less fast as the economy slows down. But the measures of the 1984 budget, which phased down investment allowances, are also likely to contribute to a slowing down in this period.

Consumer spending, underpinned by a steady growth of average earnings, is expected to provide the main impulse for growth in the latter part of next year. The institute believes that average wage settlements in the round ending this summer will be about 6¼ per cent, with average earnings rising at about 7¾ per cent, similar to the rise in the two previous wage rounds. It says that it expects this trend broadly to continue.

The recent appreciation of sterling on the foreign exchanges has led the institute to assume a higher exchange rate for this year and next than it thought likely in its last forecast in February.

As a result, it now takes a considerably more optimistic view of inflation. It thinks the annual rise in the consumer price index (slightly different from the retail price index) will have fallen back to 5½ per cent by the end of this year and to 4¾ per cent by the fourth quarter of 1986.

The recent rapid rise in the inflation rate to about 7 per cent reflects the 12 per cent increase in import prices during 1984 and a further 4 per cent in the first quarter of 1985. Most of this, the institute says, seems to have been due to the fall in sterling, whose value against a trade-weighted index of other currencies fell 16 per cent during the five quarters. The institute believes this acceleration in the inflation rate is unlikely to go much further.

Later this year, the effects of the recent rise in sterling will begin to feed through into retail prices, it says, counteracting the tail end of the price increases which followed from its earlier depreciation.

The institute says that living standards, at least for those in work, are set to improve steadily up to the end of next year.

It says that public sector pay settlements just kept pace with inflation on average since 1981-82, but had fallen 7 per cent behind the average pay rises for the whole economy.

The worst-off groups in the public sector were the health service ancillary workers and the local authority manual workers. Civil servants' pay fell 4 per cent in real terms during the period. The police did best with a 16 per cent real pay increase over the four years. The armed forces received a real rise of 6 per cent and teachers a real rise of 1 per cent.

The institute expects the Western European economy to continue slow expansion at about 2 to 2½ per cent a year for the next two years, while the pace of growth in the U.S. and Japan will slow.

Wage inflation, it says, remains moderate in the developed countries, with the average rate of increase of consumer prices at 4½ per cent this year compared with 5¾ per cent in 1984. But as the inflation rate picks up in the U.S. to about 5 per cent in 1986, world inflation will also move up to just under 5 per cent.

The growth of world trade is expected to slow from 9 per cent last year to about 5 per cent in 1985 and 4½ per cent in 1986. This slow down will be heavily concentrated on the U.S., the institute says.

Economic Review No. 112, May 1985, from National Institute of Economic and Social Research, 2 Dean Trench Street, Smith Square London SW1P 3HE, Annual subscription £40 (abroad). Single issues £12 (abroad).

FORECASTS FOR THE UK ECONOMY, JUNE 1985

(Annual percentage change in 1980 prices unless otherwise stated)
(Figures in brackets from February forecast)

	1984		1985		1986	
Gross Domestic Product (output)	2.5	(2.1)	3.2	(2.8)	1.2	(0.9)
Real personal disposable income	2.2	(1.8)	3.3	(2.7)	2.8	(0.5)
Inflation (consumer prices)	4.8	(4.8)	5.3	(6.5)	5.8	(6.5)
Consumer spending	1.5	(2.1)	1.8	(2.6)	2.3	(0.9)
Exports	6.6	(7.7)	8.7	(5.4)	2.5	(4.6)
Imports	8.7	(8.9)	6.8	(4.5)	2.8	(3.0)
Fixed investment	7.7	(5.6)	1.8	(0.1)	0.6	(−1.0)
Unemployment (adults, million)	3.1	(3.1)	3.2	(3.2)	3.3	(3.4)
PSBR fiscal year £bn	10.1	(9.0)	8.7	(9.6)	10.6	(8.5)
Current account balance of payments (£bn)	0.1	(0.2)	1.3	(0.7)	1.5	(1.4)
Sterling index (1975=100)	78.8	(78.6)	75.9	(69.5)	75.8	(66.2)

WORLD ECONOMIES – OUTPUT GROWTH

(Percentage rise in volume, annual rate)

	U.S.	Canada	Japan	France	Germany	Italy	UK	OECD	Western Europe
1984	6.8	4.7	5.8	1.8	2.6	2.6	1.6	4.5	2.3
1985 (forecast)	3.3	2.5	5.0	1.2	2.7	2.5	3.2	3.1	2.4
1986 (forecast)	2.5	1.8	4.3	2.0	2.8	2.5	1.3	2.6	2.2

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Trading. From our regional trading rooms in New York, London, and the Far East, we execute over $18 billion in money, securities, and currency transactions daily. Bankers Trust is today one of the five largest primary United States government securities dealers and one of the acknowledged leaders in foreign currency trading.

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TECHNOLOGY

EDITED BY ALAN CANE

Japan sets pace in automating intelligence

Alan Cane reports on Tokyo's Fifth Generation computer programme

JAPANESE plans to develop intelligent "Fifth Generation" computers are showing the first tangible signs of success—and they have seven years in hand.

The Japanese programme calls for a prototype fifth generation computer by 1992. Last year, however, they announced a personal "inference engine," a workstation capable of making 30,000 logical inferences per second (LIPS).

In Tokyo last week, Nippon Electric and the Japanese Fifth Generation Centre, ICOT, showed a complementary machine, a computer capable of making 200,000 LIPS.

Logical inferences are the building blocks of artificial intelligence; what the Japanese are trying to do is to create a system which can handle inference as the basic unit of operation, as distinct from the basic arithmetic operation of conventional computers.

The NEC/ICOT workstation and computer can be combined together as a tool for research and development in computer software. The Japanese are already marketing the workstation commercially as a high-performance personal computer complete with interfaces to allow speech, Japanese text input and high-precision graphic display.

Late last year, ICOT demonstrated the range of capabilities of this workstation. It was able to work out the smallest number of moves to solve an puzzle involving numbered tiles with 362,880 separate configurations, and more spectacularly, hooked up to Yamaha keyboard, it was able to create four-part harmony to a given melody.

According to Mr Alex Stewart of Baring Far East Securities, who has been investigating progress in Fifth Generation computing in Japan and elsewhere, the workstation makes it possible to speed up the pace at which new computer languages for artificial intelligence can be developed.

"The workstation itself is less important than the software which runs on it. The software which controls the basic hardware is written in a machine (low level) language called KLO.

"The rest of the system, such as the operating software is written in a higher level language for ease of programming called ESP. This system is designed to handle object-orientated features as well as logic programming, meaning that it can incorporate "icons" and "windows" for easier man-machine interfacing." (Icons are small pictures on the video screen indicating tasks to be accomplished; windows enable the screen to be split into different working areas. Both are features of the most advanced easy-to-use computers like the Apple Macintosh.)

Mr Stewart's report, Automating Intelligence, makes clear the extent to which the Japanese thought through their strategy before embarking on the Fifth Generation programme, in contrast to West where the response was principally defensive.

Mr Stewart says: "It is a sign of Japan's ever-increasing influence that the West should only mobilise to meet the threat posed by the Japanese industrial initiative rather than the challenge addressed by it."

He goes on: "The underlying challenge is how to cope with more expensive energy and raw materials, the consequent need to shift into more knowledge intensive activities, and the higher costs of providing social services and rising unemployment."

He also highlights the way IBM, the world's largest computer manufacturer, changed tack as the arguments behind the ICOT approach struck home.

With its vested interest in conventional serial computer architectures where instructions are handled one at a time in a linear sequence, IBM at first dismissed the Japanese initiative.

"IBM would like to exercise gravitational pull. Yet it cannot ignore a challenge which identifies so closely with the natural evolution of computer technology.

"From an initially dismissive posture, IBM has entered the field with considerable conviction. By its own determination to prevent the Japanese stealing a march on it, it has intensified the evolutionary pressures," Mr Stewart concludes.

He is sharply critical of the European response. Although the UK was the first country to react to the significance of the Japanese initiative with the establishment of a working party under Mr John Alvey, its assessment was conditioned by the Japanese initiative rather than its own vision of the future.

"The Japanese had the advantage that their project formed part of a wider context; to prepare themselves for the 21st century. The British, like other Western nations, not having done such an exercise simply had to adapt their advanced computer programmes to fit existing industrial polices nstead of tryng to build them from the ground up."

The UK already nad a strong base in artificial intelligence with a powerful commitment to logic programming, advanced parallel computing architectures and good pattern recognition technology. It also had the "Transputer," the Inmos high speed parallel processing element together with its programming language "Occam."

This could have been the building block of a Fifth Generation programme which would have stolen a march on the Japanese, Mr Stewart claims.

Instead, the advantage was thrown away. "The Japanese with fewer of the key technologies to hand, created the operating framework for the next generation of computers while the UK Government sold its majority holding in Inmos to the private sector without either monetary profit or gain to the wider industrial constituency which it represents."

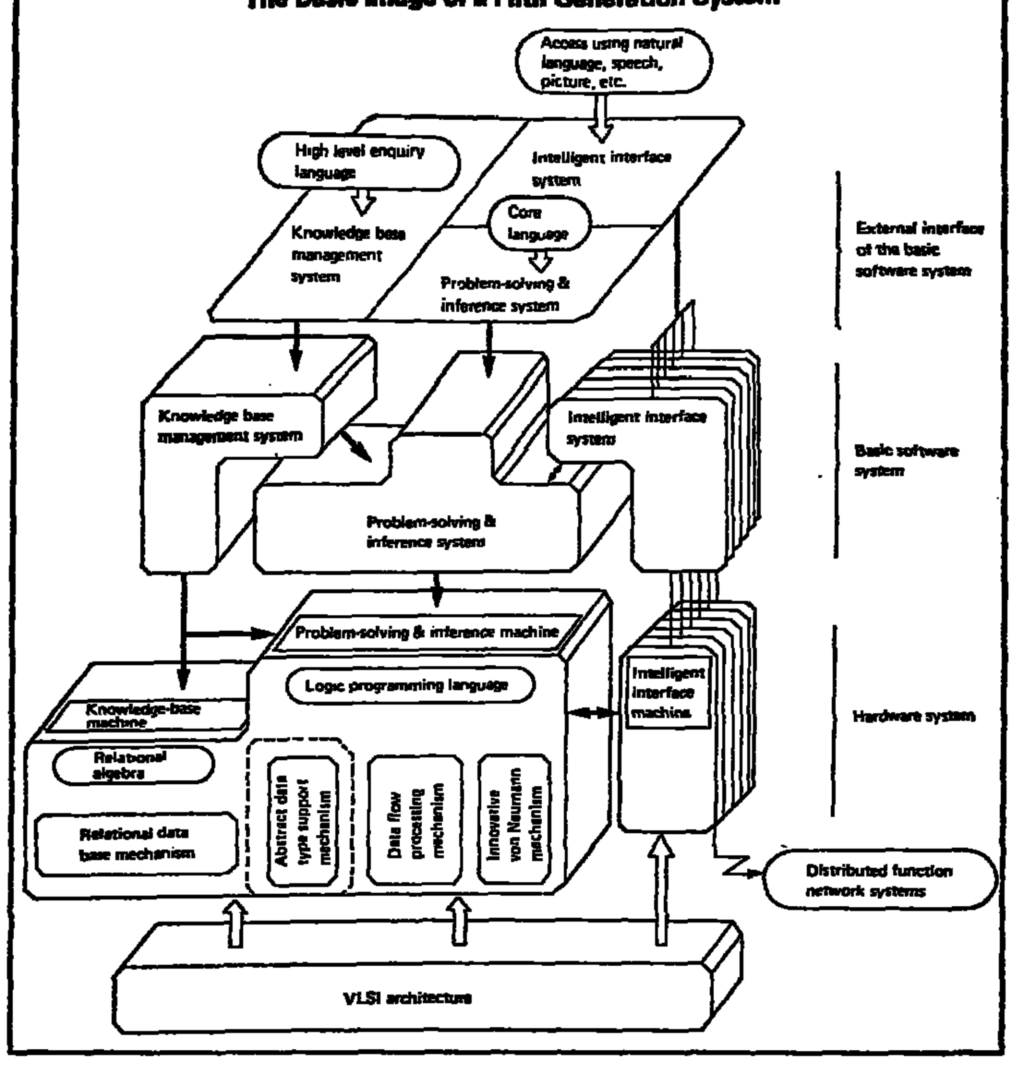
A Japanese triumph cannot be taken for granted however. Although they have developed a machine capable of 200,000 LIPS, a machine capable of some 100m-1,000m LIPS is the goal, realised by coupling together 1,000 or so processors to give parallel processing.

In 1992, Mr Stewart predicts, the West will find many disappointments in ICOT's computer. "It will not be the all-thinking machine some hopefuls might imagine. It will be constrained from the start by a lack of well-fitting software. The architecture may still have a rather inelegant design."

Nevertheless, he thinks the Fifth Generation machine will be a symbolic step forward comparable to the commercialisation of the computers in the early 1950s. "The difference will be that the market for Fifth Generation machines will take off much faster because the software which runs on them will be aimed at a mass market."

Automating Intelligence, free to Baring Far East Securities clients; £275 to others.

The Basic Image of a Fifth Generation System



Made to measure with a diamond

BY PETER MARSH

TWO SCIENTISTS working in esoteric areas of physics have come up with a machine that may aid the development of new generations of materials and electronic circuitry for the aerospace and computer industries among others.

The machine, called the Nanoindenter, measures physical properties of materials a tiny distance below their surfaces — as little as 20 billionths of a metre (20 nanometres).

The £100,000 device is sold by Nano Instruments Inc., a company in Knoxville, Tennessee, that Dr John Pethica of Cambridge University's Cavendish Laboratory and Dr Warren Oliver of the U.S. Government's Oak Ridge National Laboratory set up a year ago.

Dr Pethica is a surface physicist who works in abstruse areas such as the "tunnelling" of electrons between different energy states in atoms, while Dr Oliver is a researcher in materials. The two scientists met in Switzerland where they were working for Brown Boveri, the electrical-engineering company.

Although the men subsequently decided to return to careers in research, they decided that their idea for the Nanoindenter was too good to drop.

So far, Nano Instruments has sold three of the instruments, all to U.S. companies in materials or electronics. Other companies are showing interest and the Knoxville enterprise aims to sell at least a further three machines in the coming year.

The machine operates along similar principles to a record stylus. A diamond held on the end of an aluminium tube is lowered with a force that can be accurately measured onto a particular material, for example a metal-ceramic compound or a layer of silicon implanted with impurity atoms that will later be fashioned into an electronic circuit.

With a precisely engineered piece of measuring equipment, the distance that the diamond digs into the material is recorded. This could be a matter of just a few atomic layers — one atom for an element like silicon is perhaps 1 nanometre thick.

Fed details about the force of the impact and this distance, a computer works out details of physical properties of the material, for instance its hardness.

Due to the tiny distances that the instrument can measure, the machine can probe just below the surface of materials to detect, for example, the position where physical properties change as a result of "buried" dopant atoms in semiconductors.

These dopants, such as phosphorus or arsenic, change the electronic characteristics of silcon and are used to make different types of circuits. In research laboratories, it is important to measure exactly where the atoms reside to determine their effect on the silicon's electrical behavior.

Implantation of atoms in this manner is employed in the aerospace industry to make components such as engine parts more resistant to wear.

In other applications, with the Nanoindenter engineers can examine the structure of alloys or new types of ceramic materials, for instance, to analyse how physical properties change at junction points between different atoms in the material.

The Nanoindenter is related in technological terms to Brinell hardness - measuring, machines, which were invented at the beginning of this century by A. J. Brinell, a Swedish engineer. In Brinell machines, a ball bearing thuds into a material such as a steel plate with a known force. Measuring the size of the dent indicates the strength of the substance.

In the Nanoindenter, 1980-style electronics and engineering know-how permit very small distances to be monitored. The machine's diamond tip is linked to a coil that moves as a result of electrical interaction with a magnet. The force with which the diamond becomes embedded in the material can be computed from the electrical energy that is put into the coil.

The movement of the diamond into the material is monitored by attaching to the tip a metal component that forms one plate of a capacitor. Analysis of how the capacitance changes gives a reading for distance.

The diamond-stylus arrangement and the electronics for analysing force and movement are made for Nano Instruments by W. A. Technology, a small company of precision engineers in Cambridge set up three years ago by Mr Barry Ambrose and Dr Colin Wilson, former colleagues of Dr Pethica at the Cavendish Laboratory.

Standard for home computers

JAPANESE microcomputer manufacturers are already developing new machines based on a modification of the MSX specification devised by Microsoft of the U.S. to set the standard for home computers.

The new specification, MSX2, has been developed by the Japanese company Ascii, a Microsoft affiliate, according to Japanese Industry Newsletter, an English language review of Japanese consumer technology.

The new machines will have better communication capabilities making them suitable for use as a terminal for videotex services and other electronic services. MSX2 may therefore create a new demand from home and office.

Sony, Matsushita, Toshiba and others will market the new machines in the autumn with prices of between $395 and $785.

Actionwriter

AN ELECTRONIC typewriter which can also function as a leter-quality printer for personal computers has been launched by IBM at $545.

IBM says the Actionwriter 1 is its lowest priced electronic machine. It says it plans, subject to FCC Certification, to make available a printer option allowing the new typewriter to be attached to selected IBM Personal Computers.

The computer giant is to discontinue marketing the IBM personal typewriter and the Selectric III Model 6701.

Stop thief

MICROCOMPUTERS which "walk" with a little help from the light-fingered can be secured in a console from XL Products of Manchester called the Microgard. Processor, disc drives and monitor can be locked in place and the console itself locked to a secure point. It costs £60 plus VAT. More details on 061-872 6310.

JOBS COLUMN

Managers' guide to the perks pecking order

BY MICHAEL DIXON

"PERKING UP" has taken on a new meaning over recent years, especially in Britain where the importance of fringe benefits as an executive-type reward is greater than in many if not most other countries.

The proliferation of perks other than share options and bonuses has admittedly slowed since the Conservative Government took office in 1979. But they are still widely taken as a measure of a manager's or senior specialist's status. A good many people expect them to start sprouting again as a result of rises in employers' National Insurance contributions for highly paid staff.

The current state of the perks *pecking order is revealed* today by the publication of a report by PA Personnel Services. It represents a snapshot taken this spring of PA's continually updated survey of fringe benefits, and is based on information from 145 companies of various shapes and sizes. There is room here for only a few extracts. Readers wanting the full results should contact Sheila Smith, PA Personnel's *pay research manager* at 60a Knightsbridge, London SW1X 7LE; telephone 01-235 6060.

We start with the company car which, apart from pensions, is evidently the most widespread fringe benefit. The survey finds that high tax on company cars and the private use thereof have not curtailed the provision of wheels and petrol. Compared with last year the proportion of directors with a car or some other or additional contribution to their private motoring is up from 77 to 85 per cent and the proportion of other senior managers from 39 to 45.

The survey report provides estimates of the yearly worth to the possessor of company cars of different degrees of costliness. The figures are shown in the top half of the table above. But before anyone studies it, there is an important point to be borne in mind.

Estimates of the worth of this particular kind of blandishment are notoriously difficult to make accurately. Indeed when I published a similar table last year, one or two parties not unconnected with the motor industry protested that such valuations are so prone to error that it is irresponsible of me to print any figures at all. But provided that the tenuousness of the estimates is appreciated, I can see no reason to suppress the highly respected PA organisation's data.

The top half of the table is pretty straightforward.

On the left appear various retail-price ranges. Next we have the estimated private worth of cars in each of the price ranges when the employer pays for no petrol *for* non-business mileage, although providing the vehicle and meeting other running costs. Next again comes the valuation when the company also funds petrol for up to 8,000 miles of private use annually including travel between home and work. The last column refers to the lucky minority whose employer meets all the car's costs.

The bottom half of the table isn't all that complicated either. It shows the percentages respectively of car-supplied company chiefs, directors and other senior executives who are given *new models* at different intervals.

As you see, 6 to 7 per cent are not required to keep their old car much longer than it takes them to get used to it. Perhaps in the status league the fresh-car-every-year executive has now climbed above the old leader: the two-ulcer executive. Then aagin, in many cases the same person may have both distinctions.

Now to some brief summaries of the survey's findings on the provision of other kinds of benefits.

Just over two thirds of the companies have incentive bonuses or the like for top managers. Surprisingly the proportion so equipped among companies surveyed last year was higher: 71 per cent. Of those with such incentives, the proportion awarding them solely on the basis of the performance *of the company as* a whole was down from 47 to 39 per cent. Companies including individual achievemint as a criterion were up from 51 to 62 per cent.

For some reason the PA report gives no 1985 figures for share option schemes. But the 45 per cent of companies providing them in 1984 compared with 40 the year before and 35 in 1983.

For pension arrangements, nine-tenths of the organisations are contracted out of the State scheme, and seven in 10 provide for at least two thirds of final salary.

Loans

Only one in every 20 of the *companies* has a *scheme* for assistance with house-buying. Such schemes all entail a direct loan from company funds and all senior executives below board-level are eligible. Oddly enough, the same applies to merely 67 per cent of directors.

Loans for other purposes—*such as buying season tickets* and what PA somewhat inscrutably terms "personal crisis"—are offered at 13 per cent.

A tenth provide assistance with educational expenses. In every case the help available applies to costs of children at university. Private senior-school fees are subsidised in three-quarters of cases, and preparatory school charges in 38 per cent.

Almost nine in every 10 have a canteen or *dining room* offering subsidised meals to 97 per cent of board-ranking eminences and 94 of other senior people. The average cost of a chief executive's meal is £2.75, a subordinate director's £2.70, and the next lower ranker's £2.51—which hardly amounts to bloated capitalism.

Two fifths provide free professional advice on personal financial matters, more than 90 per cent of their directors being entitled to the benefit. But only half give the same help to other top executives. Three fifths of the companies fully reimburse *membership fees of approved* professional bodies.

When transferring one of their senior managers to a different area, more than nine tenths pay all costs such as travelling expenses, preliminary visits to the new place, removal, temporary accommodation, estate agent's commission, legal fees and stamp duty plus a disturbance allowance. Except for the disturbance money, seven in ten provide the same to newly recruited top people who have to move home to take the job.

Last, but sadly often far from the least important: three in every five of the chiefs and of the directors are entitled to more than three months' notice. The same applies to only 28 per cent of the other managers.

WHAT PRIVATE USE OF A COMPANY CAR IS WORTH

Approximate retail price of car	Estimated annual value of car use to employee when: No non-business petrol is paid £	Petrol is paid to 8,000 m.p.a. £	All petrol and costs are paid £
Up to £6,500	2,450	3,300	3,750
£6,501-£7,500	2,750	3,650	4,100
£7,501-£9,500	3,500	4,450	4,950
£9,501-£11,500	4,850	5,900	6,450
£11,501-£14,000	5,350	6,550	7,200
£14,001-£19,000	6,600	8,200	9,000
More than £19,000	8,250	9,300	11,300

HOW FREQUENTLY EXECUTIVES' CARS ARE REPLACED

Time same vehicle is retained	Chief executives %	Other directors %	Other top managers %
One year or less	7	7	6
Two years	10	11	7
Three years	48	46	51
Four years	26	29	29
Five years	2	2	2
More than five years	2	0	0
Period varies	5	5	5

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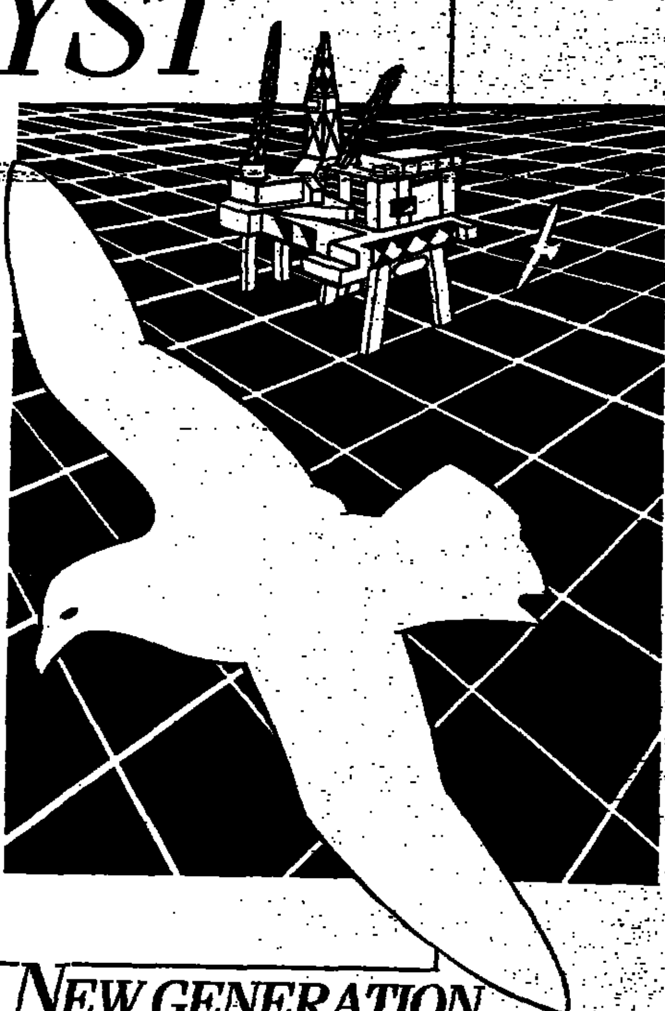
ECONOMIC APPRAISAL ANALYST



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Selection & Search

MANAGEMENT OPPORTUNITIES

Our Firm's rapid growth over the past 18 months has created a need for experienced Settlements personnel. Successful candidates will have a unique opportunity to quickly move into supervisory/managerial positions in a dynamic organisation.

Successful candidates will be bright, self-motivated and will have proven analytical abilities. They will also possess well developed interpersonal skills that ensure their success in a team orientated environment.

Because we are looking for a few exceptional people, we realise the rewards must be substantial. We plan to provide an excellent compensation package with above average increases for those who perform well. You will also be expected to develop major initiatives with senior management as the Firm continues its expansion into new emerging world markets.

If you would like to pursue this challenging career opportunity please send your C.V. and a letter explaining why you are interested to:

Box No. RTS 12, c/o Extel Advertising Ltd.,
Hazlitt House, 4 Bouverie Street, London EC4Y 8AB.

CAPITAL MARKETS Senior Manager

c£35K + bonus + benefits

As one of the strongest underwriters in the European Capital Markets, Nomura has considerable issue management expertise and unrivalled placing power. This has been derived from over 500 international public offerings, including 48 last year which totalled almost $4.5bn.

Developing and providing our extensive range of products and services for sophisticated borrowers and investors requires a talented staff of dedicated professionals. We now seek to augment our senior management with a capital markets specialist to deal with European private sector companies.

In your late twenties/early thirties, you must have at least three years' European-orientated capital market experience. Travelling extensively abroad, you will need a sound knowledge of the UK and continental corporate sector together with senior-level negotiating skills. Knowledge of European languages, especially German, would be an advantage.

The exceptional salary is supported by a benefits package which includes a bonus scheme, BUPA membership and a mortgage subsidy scheme.

Candidates should write with full career details to: Michael T. Brookes, Associate Director, Personnel, Nomura International Limited, Nomura House, 24 Monument Street, London EC3R 8AJ.

NOMURA

APPOINTMENTS ADVERTISING APPEARS EVERY THURSDAY

Executive Selection Consultancy

London

We are a major management consultancy practice, and we wish to add to our busy executive selection team.

An executive selection consultant advises clients, at Board level, on senior recruitment and related matters such as organisation, remuneration and succession. This requires the ability to organise and carry out a wide range of assignments with the minimum of day-to-day supervision.

We want to hear from graduates who are personnel professionals, probably aged 35 to 40, whose variety of experience has created a special interest in executive selection.

Please write to Michael Ping, enclosing a detailed curriculum vitae, including current remuneration, and quoting ref. E/55/F, at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney

High Calibre Account Executives for High Net Worth Investors

- Merrill Lynch require a number of Account Executives to introduce high net worth investors and service their investments in line with agreed financial objectives.
- These positions are all London-based, although in some cases New York training may be necessary.
- Applicants should be in the 25-35 age range with a good level of academic achievement. They must also be ambitious self-starters with a professional and sophisticated approach to offering investment analysis advice.
- Preference will be given to candidates with previous experience of providing financial services to high net worth individuals.
- Current registration with an NYSE member firm would also be an advantage.
- This is an excellent opportunity to join a dynamic and growing international company with the top rated research team on Wall Street.

Please apply in writing giving details of your career to date to: Mr. Jack Landau, Merrill Lynch, 25 Davies St., London W1Y 1LN. All applicants will be treated in the strictest confidence.

Merrill Lynch

Shepherd Little & Webster Ltd

Banking Recruitment Consultants

SENIOR REGIONAL MANAGER — MARKETING — to £30,000

We have been retained by a well known International Merchant Bank to recruit a Senior Regional Manager who will play a key role in marketing and developing a full range of corporate advisory services.

This position demands a highly motivated individual with a creative outlook who is able to negotiate at executive level with government bodies, private companies and banks. Our Client views this as an outstanding opportunity offering excellent prospects for future career development. Accordingly a salary up to £30,000 is envisaged plus Company Car and Mortgage benefit.

Please contact John Webster

ASSISTANT MANAGER — CREDIT ADMIN. — c£14,500

Our Client is the Merchant banking arm of a well known International bank. Duties will be split between Loans Administration and Credit Review although the emphasis, from an experience point of view, will be towards loans administration. No more than a basic understanding of balance sheet interpretation is required.

Please contact Paul Trumble or David Little

EUROBOND TRADER — to £25,000

A well respected Overseas Securities House, currently seeks to recruit a Eurobond Trader with a minimum of 6 months trading experience.

For further details please contact Brenda Shepherd

SPOT DEALER — c£20,000

An expanding room with a good name International bank is available for an experienced spot dealer aged mid to late 20's.

Please contact Paul Trumble or David Little

Ridgway House 41/42 King William Street London EC4R 9EN
Telephone 01-626 1161

EUROPEAN CREDIT MANAGER
Neg. £30,000 (Package)

A Major International Bank is seeking a French/German speaking US credit trained Candidate aged 32-35 years. Experience of big-ticket leasing, project and corporate finance is essential. Transactions for vetting will be in the £2M - £15M range, and will entail some travel to the Bank's European branches.

CREDIT MANAGER
Neg. £25,000-£30,000

A French national, with fluency in English, experience of major asset finance and very strong credit skills, is sought by a Major International Bank. The ability to train and motivate the credit team is essential. Age about 32 years.

CREDIT MANAGER
c.£25,000 + Car + Benefits

Our client, a European Bank, seeks applications from Candidates with at least 10 years credit experience encompassing, ideally, a mix of financial products such as leasing, property finance, and UK corporate banking. Age range 40-45 years.

TRAINEE MARKETING/CREDIT OFFICER
Neg. £12,000-£15,000

A career minded, high calibre Graduate, probably US credit trained, aged 25-28 years with at least 2/3 years experience of large company balance sheet appraisals/propositions, is sought by a London based Bank. Full career advancement to a marketing function is envisaged in the medium term, which will involve project/ship finance in addition to usual UK and European corporates.

For the above vacancies please contact Brian Gooch or Jill Backhouse.

All applications will be treated in strict confidence.
JONATHAN WREN & CO. LIMITED, 170 Bishopsgate, London, EC2M 4LX.
Tel: 01-623 1266

Jonathan Wren
RECRUITMENT CONSULTANTS

Unadvertised Posts

Over 70% of the unadvertised appointments identified by leading redeployment consultants come from recruitment consultants. CEPEC's Job Search Guide lists over 100 leading recruitment consultants and costs £7.25.
Phone 01 930 0322 or write:

CEPEC
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London 01-930 0322, York (0904) 642490
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SALES/MARKETING MANAGEMENT OPPORTUNITY

Market Analyst

The Baker Perkins Group is an international leader in the marketing, design and manufacture of capital plant and machinery for the worldwide food, printing, chemical and packaging industries.

In line with management development plans, we wish to recruit a high calibre Market Analyst to work in our Group marketing services operation based in Peterborough. Responsibilities will include the gathering, interpretation and presentation of market, business and economic data, including the preparation of detailed industry field surveys, to identify new business opportunities for Group companies. This may involve a total of 3/4 months each year researching elsewhere in the UK or overseas.

Within 2 to 3 years the successful candidate is expected to have made a significant career move to join the management team of one of the Group's operating subsidiaries. The position represents an excellent opportunity to satisfy the career objectives of an ambitious and dedicated professional. It will demand enthusiasm, perseverance, initiative and the ability to work with all levels of management. The successful candidate will be a graduate in his or her twenties who, ideally, has also obtained a relevant business qualification. Significant work experience is essential, preferably gained within the capital or consumer durable goods industries, and working knowledge of one or more modern European languages would be useful.

A highly competitive salary and benefits package will be negotiated, including relocation expenses where appropriate. Peterborough is an attractive cathedral city with an excellent choice of housing, education and leisure facilities.

Applicants are invited to submit full personal and career details, including present salary, to Mark Gibbard, Group Personnel Manager, Baker Perkins Holdings plc, Westfield Road, Peterborough PE3 6TA. Telephone: 0733 261261.

Baker Perkins

Financial Editor

City £17-25,000 + car

Our client is a major supplier of professional business services to a wide range of industrial and commercial concerns. They have recently set up an enthusiastic marketing team to help them expand and diversify and now need an outstanding Financial Editor to lead their publication activities.

The person appointed will be expected to write, edit, and progress the publication of a wide variety of promotional and technical material relating to the range of services. There will be substantial involvement with senior management and your responsibilities will include developing a network of freelance journalists.

Candidates should be graduates with a successful record of writing accurately and persuasively in a financial environment.

Experience of managing freelance journalists would be an advantage. You will be playing a pioneering role in applying creative skills to technical publications, and will need to be convincing and tactful.

This is an opportunity to develop your talents in a highly professional environment where intellectual demands are high. If you have the flair and ability to join a marketing team operating in one of the most dynamic sectors of the UK economy please send full personal, salary and career details in confidence to Alison Bott, quoting reference 1458/FT on both envelope and letter.

Deloitte Haskins+Sells

Management Consultants
128 Queen Victoria Street, London EC4P 4JX

PARTNERS ASSISTANT REQUIRED

IN PRIVATE CLIENTS DEPARTMENT OF

VIVIAN GRAY & CO

Applicants must have good knowledge of Stock Exchange procedures and be experienced in reviewing and advising on trust and personal portfolios. Preferred age 24/30

Apply in writing, with curriculum vitae, to:
The Staff Partner
VIVIAN GRAY & CO
Ling House
10/13 Dominion Street
London EC2

FUND MANAGEMENT Japan

£400 million Portfolios

With this appointment we strengthen a team of London based fund Managers which has a consistently successful record in the Japanese markets.

This position is primarily concerned with portfolio management of equity positions in Japan. Responsibilities will range from researching companies and portfolio management, to creating and sustaining relationships with clients, stockbrokers and investment advisors.

Applications are invited from candidates of outstanding ability who have about three years' Japanese portfolio management experience. Graduates who have a good grounding in economics, finance or statistics will be preferred. Knowledge of written or conversational Japanese will be an obvious advantage.

Remuneration will be fully competitive and includes a mortgage subsidy, non-contributory pension scheme and free life assurance.

Please write with full cv, in strict confidence, to Chris Eatwell, Personnel Manager, Prudential Portfolio Managers Limited, 142 Holborn Bars, London EC1N 2NH.

PRUDENTIAL PORTFOLIO MANAGERS LTD
A Member of the Prudential Group

TAXATION MANAGER

A creative role for a senior specialist Up to £24,000 plus car

Ford Motor Company Limited seeks a mature taxation expert to assume responsibility for its tax function. As part of the company's legal and tax organisation, the department is responsible for all aspects of corporate taxation, including VAT and social security taxes.

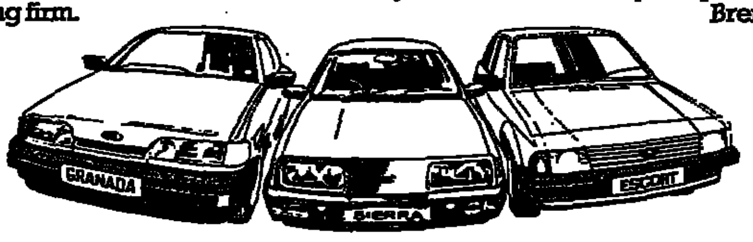
Versatility and a high degree of self-motivation are important requisites for this senior position. The ability to communicate well at all levels, especially with senior management, and to engage in detailed negotiations with the authorities is essential.

The position is likely to appeal to an individual who has gained considerable experience with the Inland Revenue or a major accounting firm.

Practical knowledge of a multinational environment would be helpful and it is unlikely that anyone under the age of 30 will have acquired sufficient confidence and proficiency to satisfy the high standards required.

The remuneration package offered to the successful applicant will fully reflect the importance of this key position – a salary in a range to £24,000 and benefits including a free car. Relocation assistance will be given where appropriate.

Please write, enclosing a full CV, to Chris Stephenson, Room 1/181, Ford Motor Company Limited, Eagle Way, Brentwood, Essex CM13 3BW. Alternatively, telephone him on Brentwood (0277) 252217.



Ford

Young Accountants & Lawyers

Capitalise on your professional skills with a career in Corporate Finance . . .

...with Charterhouse Japhet plc, a leading member of the Accepting Houses Committee. The Charterhouse Group provides clients with the full range of merchant banking services and, with its Development Capital and Venture Capital companies, has a strong reputation for innovation and professionalism.

We have a firm capital base, the backing of the Royal Bank of Scotland, yet we are small enough to be responsive and flexible – an ideal position from which to take advantage of the changing financial environment.

Our Corporate Finance Department will be one of the leaders in our growth over the next few years, and we are therefore looking to strengthen this area with additional

Corporate Finance Executives

As a member of a highly professional group you will, after training, be given early involvement and responsibility in the handling of both domestic and international business ranging from contested takeover through flotations to off balance sheet finances. We set high standards but your success will be well rewarded through our aggressive approach to remuneration and benefits.

It is likely you will have had one or two years' relevant post-qualification experience, although this is not essential. Some exposure to special problem solving for clients will be a distinct advantage. We will look particularly for candidates with lively, creative minds and with the ambition and potential to build a fast-track career in this competitive and challenging environment.

Please write with full details to Rodney Barker, Director, Charterhouse Japhet plc, 1 Paternoster Row, St Paul's, London EC4.

CHARTERHOUSE JAPHET

Spanish speaking...

SENIOR CORPORATE BANKING OFFICER

to £30,000 + Car + Benefits

Our client, an international bank, seeks an experienced Corporate Banking Officer to develop and market a full range of corporate finance consulting services and new fee generating business with governmental institutions, private companies and banks.

This key role, based in London, has arisen through the expansion of a specialist group with a strong and successful presence in Latin America. Applications for this progressive career opportunity are invited from Spanish speaking international bankers aged between 27 and 35 years who have gained substantial experience in marketing corporate credit and finance. A background encompassing formal US credit training and Latin American business experience, will be a distinct advantage.

The successful candidate will be a highly motivated individual who has a creative commercial outlook with an awareness of the macro-economic issues involved. Travel to Latin America will be frequent. An attractive salary to the level indicated will be offered according to experience together with an excellent bank benefits package.

Please contact Leslie Squires. Telephone 01-588 6644, or send a detailed Curriculum Vitae to him in the strictest confidence at the address below.

Anderson, Squires Ltd.,
Bank Recruitment Specialists,
85 London Wall,
London EC2M 7AE.

Anderson, Squires

APPOINTMENTS ADVERTISING
Rate £37.00 per Single Column Centimetre Plus V.A.T.

Assistant Borough Treasurer

(3 Posts)

Salary £17,859—£18,933

Arising from a complete reorganisation of the Borough Treasurer's Department, three major career opportunities are now open to determined and ambitious applicants with relevant public or private sector experience.

As second-tier appointments, the postholders will represent and deputise for the Borough Treasurer, as required.

In addition, as members of the departmental management team, they will contribute to the direction of all the department's work including:—

- ★ **Accountancy and financial management**
- ★ **Housing finance and income**
- ★ **Audit and rating**
- ★ **Administration and payroll**

Consequently they will be expected to have the ability, potential and drive necessary to develop and improve performance throughout the department. In order to maximise performance and to develop potential to the full, the actual functions of each successful candidate will be determined in the light of their strength and career development needs.

If you would like to know more about these challenging opportunities, then ring Chris Ennis, Borough Treasurer, on 01-690 4343 ext 385.

Application forms, returnable by 7th June 1985, and job descriptions from Mrs Divers, Room 203, Town Hall, Catford, London SE6 4RU or telephone 01-690 4343 ext 252 quoting reference T2 and job title.

LONDON BOROUGH OF LEWISHAM

Our jobs are open equally to all races and both sexes.

LEWISHAM'S SERVICES *Let's keep them!*

ASSISTANT COMPANY SECRETARY

c£17,000 + full banking benefits

Our client is a British Merchant Bank operating worldwide from a base in the City of London. This is a new post introduced to meet the demands generated by a senior management restructuring. The incumbent will report to the Group Secretary who is an Assistant Director of the parent company. The Assistant Company Secretary will be expected to assume responsibilities for:

- *The statutory requirements of 8 subsidiary companies.
- *The placing and review of a major trading related, domestic and staff insurance portfolio, through subsidiary companies and via third parties.
- *Providing inhouse legal assistance across the range of documents and contracts arising from the business of the bank, the occupation of its premises, the purchase of goods and services, leases and personnel arrangements, including employment legislation.
- *Management of purchasing and catering staff.

Candidates should have a law degree or suitable professional qualifications and be aged 28 – 32. Ideally they must combine experience of the above fields with a background in corporate banking or have related experience in one of the larger City based legal departments. Evidence of strong general management potential is expected.

Salary is £17,000 plus a subsidised mortgage, contributory pension scheme, 25 days holiday per annum, interest free season ticket loan and other benefits.

Please forward a full CV with salary history quoting reference 367 to Terry Fuller at Deansgate Management Services, 63/66 St Martin's Lane, London WC2N 4JX. Tel: 01-240 9555.

DEANSGATE MANAGEMENT SERVICES
ADVERTISING · SEARCH · SELECTION
A DIVISION OF WHITES BULL HOLMES
LONDON AND MANCHESTER

Private Banking Officer

Merrill Lynch International Bank is expanding its private banking operations in London, New York, Switzerland and Singapore.

This growth requires an additional experienced professional to market the security collateralised lending operation to key clients through the Merrill Lynch brokerage offices in the Western Hemisphere.

The successful candidate should have:-

- 5-7 years experience within either Investment or Merchant Banking. While not essential, a thorough knowledge of the securities market would be of interest
- Fluency in Spanish and English
- an MBA or equivalent qualification
- Good inter-personal skills in presentation and marketing.

The position, which requires extensive travel, will be London based for at least one year, but candidates should be willing to relocate to New York thereafter.

This is a senior marketing appointment which will be reflected in the compensation package.

Please write with full career details to Keith Robinson, Recruitment Manager, Merrill Lynch Europe Ltd., 27/28 Finsbury Square, London EC2A 1AQ.

Merrill Lynch

COMMERCIAL MANAGER

COMMERCIAL BANK

A medium-sized Spanish bank is seeking a Commercial Manager for its new London branch, opening shortly.

The post will entail the marketing of international services related to trade finance, mainly to small and medium-sized companies in the UK. The Commercial Manager will report directly to the General Manager of the branch and will be responsible for forming a small back-up team in the near future.

Fluent spoken and written Spanish is an essential pre-requisite.

Remuneration will be commensurate with qualifications and experience.

Handwritten applications, together with CV and recent photograph should be sent to:

Box A9011, Financial Times
10 Cannon Street, London EC4P 4BY

All replies will be treated in the strictest confidence.

Economist for Corporate Planning

An experienced Economist is required to carry out macro-economic analysis and forecasting over the short and medium term, focusing on exchange and interest rate movements in the principal currencies. Other responsibilities include the formulation of planning scenarios and involvement in the analysis of corporate strategic issues.

Candidates, ideally in their late 20's or early 30's will probably have a post-graduate qualification and/or experience in the appropriate area. Written and oral communication skills are essential.

Starting salary will be fully competitive. Other benefits are excellent and include non-contributory pension, London Allowance and assistance with relocation expenses, where appropriate.

Please write or telephone for an application form, quoting ref. B.227 to:

Susan Skolar, Recruitment Branch,
The British Petroleum Company p.l.c.,
Britannic House, Moor Lane, London EC2Y 9BU. Tel: 01-920 3484.

BP is an equal opportunity employer.

The British Petroleum Company p.l.c.

BADENOCH & CLARK

BUSINESS DEVELOPMENT OFFICER

To £20,000 + Bens

Our client, one of the leading Investment Banks, seeks to recruit a high calibre graduate with two years' experience of marketing financial products to U.K. Corporates.

Ideally you should have a background in the Business Development Division of a Merchant Bank; a sound credit training and a desire to further your career in Corporate Fund Raising. The successful candidate is likely to have some knowledge of, if not direct exposure to, sophisticated capital market products and an ability to liaise with Blue-chip U.K. Corporate clients.

This represents an excellent opportunity for a bright young commercial banker to move into the dynamic Capital Markets Field.

INTERNATIONAL CORPORATE FINANCE — CHARTERED ACCOUNTANT

c.£16,000 + Bens

A rare and exciting opportunity has emerged for a top flight graduate A.C.A. to pursue a career, as a Corporate Finance Executive, in the International Capital Markets arena. This position has arisen as a result of our client's rapid and successful expansion and offers excellent prospects. Initial duties would involve assisting a director working on an international territorial portfolio, including responsibility for documentation, financing and marketing support. On-the-job training will be provided.

For a confidential discussion of these and many other financial openings please contact **Christopher Lawless** or **Stuart Clifford.**

Financial Recruitment Specialists
16-18 New Bridge St, London EC4V 6AU
Telephone 01-583 0073

U.S. Equities Dealer

Salary c£15,000 + bonus

Our client, a major U.S. investment house, seeks applicants for a vital role in their dealing room, covering U.S. equity transactions.

A high basic salary and potentially high bonus earnings can be yours, as well as the chance to develop your career with one of the busiest and most successful U.S. investment houses.

Ideally you should be in your mid-20's and have worked in U.S. equities, possibly with a U.K. stockbroker. You will be expected to be industrious, keen and tough, with a sensitive nose for news and the ability to get on well with portfolio managers and colleagues. After 2 or 3 months on-the-job training, you could find yourself working harder than ever before, in an exciting environment.

If you're ready for the challenge, telephone Chris Smith on 01-404 5751 or write to him, enclosing a c.v., at the Banking and Finance Division, 23 Southampton Place, London WC1A 2BP, quoting ref. 3501. All applications will be dealt with in the strictest confidence.

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Birmingham Manchester Leeds Glasgow
Brussels New York Sydney

APPOINTMENT ADVERTISING APPEARS EVERY THURSDAY
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Directors Senior Executives

Your job search is a marketing problem

All your working life you have operated within the framework of a team and each member of the team has contributed their *own particular skills.*

Job Search is no different, it is a problem which is best solved by an experienced *marketing team with specialist support* service.

Why not come along to see if we are the sort of colleagues you can work with?

Thousands have already done so, we are after all the most experienced job search organisation in the world.

At a conservative estimate your job search time will be reduced by half and like most of our clients you will get a better job *than the one you left.*

It is now up to you to telephone your nearest consultancy to find out more today.

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Midlands	021-632 6731
West	0272 213558
Hong Kong	5 266765
Brussels	322 538 6877
Middle East	via London

Coutts

Career Consultants Ltd
25 Whitehall London SW1A 2BS

Inspection Opportunities for Accountants and Bankers

(LONDON BASED)

The Inspection Division of TSB England & Wales is an independent Head Office function responsible for inspection and audit of all operational activities of the Bank.

Within the division three important vacancies have arisen.

Commercial Lending Inspector

c£18,000 + Car

This is definitely not a desk-bound appointment. A good deal of time will be spent out and about visiting branches with large commercial portfolios, carrying out inspections at Regional Credit Control departments, as well as providing specialist support and training to the Branch Inspectors. The appointment is London based, although the postholder will cover both our London and Exeter Regions. A banking background, AIB qualification and practical business/lending experience, is essential.

Central Banking Services:

Executive Officer

c£16,000

Administrative Officer

c£14,000

This department undertakes reviews and investigations of the central banking activities of CTSB Ltd and TSB England & Wales. Applicants for either of the positions must therefore be able to prepare cogent reports for management and to produce effective systems evaluation and audit programmes.

The Executive Officer position is also responsible for liaison with the Bank's external auditors and for the training and supervision of the department's Inspection staff.

Applicants for the Executive Officer post should be ACA qualified whilst applicants for the Administrative Officer post should be at least part qualified.

For all three positions successful applicants will receive in addition to the salary indicated, the usual attractive benefits associated with a major banking organisation including mortgage subsidy and non-contributory pension.

TSB BANK

Please apply in confidence, enclosing a full CV to arrive no later than 6th June 1985 to:
Mr C P Allison, Development & Training Manager,
TSB England & Wales, Head Office,
100, Lower Thames Street, London, EC3R 6AQ.
Quote Ref. No. HFT.

MORTGAGE AND INSURANCE BROKER

Exceptional candidate with West End/City background in insurance or finance required by Winkworth's Financial Service company to handle substantial mortgage business generated by the Winkworth Estate Agency Group and its associates. Successful applicant will have good judgment, ability to work under pressure and thorough knowledge of financial sources.

Please write in confidence, with full personal and career details to:

HENRIETTA SMYTH
WINKWORTH
25A MOTCOMB ST, SW1

Marketing and Business Strategy

Scottish Development Agency

£17,500 to £21,000

The Corporate Advisory Service of the Agency provides consultancy and advisory support to strategically selected businesses. This service is to be strengthened further by the appointment of a Senior Business Adviser, with skills in the field of industrial marketing and business planning.

The objective is to provide companies with practical board level assistance on all aspects of marketing and business strategy. This includes identification and analysis of business problems, preparation of proposals and the implementation of solutions.

Success will stem from a graduate level qualification in a numerate discipline backed by sound industrial experience of corporate planning or marketing. Consultancy experience would be valuable, but a strong record in line management could be equally relevant.

Age: 35 plus. Location: Glasgow.

Please write in complete confidence to David Wolfenden as adviser to the Agency.

Arthur Young Management Consultants,
17 Abercromby Place,
Edinburgh EH3 6LT.

Arthur Young Executive Selection
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Senior Investment Manager

Manufacturers Hanover Investment Management Limited is the wholly owned subsidiary of Manufacturers Hanover Investment Corporation of New York and manages investments for international institutional and private clients.

We are seeking an investment professional to manage worldwide equity and fixed income portfolios. This person will also be expected to assist in the international marketing of the investment group's services. The position will be at either Senior Investment Manager or Director level.

It is likely that the successful applicant will be a graduate with 5-10 years' investment experience.

Salary is entirely negotiable depending on the individual and will be supported by a generous fringe benefits package.

Applications should be sent to:
John E. W. Bamford, Assistant General Manager,
Manufacturers Hanover Limited, 7 Princes Street,
London EC2P 2EN.

MANUFACTURERS HANOVER INVESTMENT MANAGEMENT LIMITED

Venture Capital

Major opportunity in the field of Technology Transfer

A leading City based Venture Capital organisation specializing in early stage financing and support of technologically advanced projects and the management of their market exploitation is expanding its team of key Senior executives.

The right candidate can expect an attractive remuneration package in the region of £35,000 per annum including the possibility of a participation in successful ventures.

Candidates ideally will have a successful track record in the field of corporate and product planning, business development and acquisition. They should have the appropriate financial skills and some technological background in electronics, instrumentation and software would be particularly advantageous.

Apply Box No: A9016, Financial Times, 10 Cannon Street, London EC4P 4BY.

COMPANY SECRETARY

Northern UK Base — **c £20,000 + car, etc.**

This key appointment is with a major industrial group whose interests include the manufacture and construction of capital plant and equipment. The company utilises the most up-to-date computerised facilities.

Continuing growth and major capital investment proposals have created a requirement for a Company Secretary with previous industrial experience. The Company Secretary will vet, control and administer substantial commercial contracts both in the UK and overseas. Other responsibilities will include group insurances, development grant proposals, and general legal advice in relation to patents, trademarks, etc. Candidates will have had an excellent professional education and be qualified solicitors and/or accountants with a strong secretarial background. Personal skills must include an alert, personable manner and the proven ability to communicate effectively at every level.

The successful candidate can expect an attractive salary and benefits package including relocation costs in appropriate circumstances. Apply in the first instance to Brian R. Daniels, Managing Director, quoting ref: 85/1438 FT.

Daniels Bates Partnership
PROFESSIONAL RECRUITMENT

Daniels Bates Partnership, Josephs Well, Hanover Walk, Park Lane, Leeds LS3 1AB. Tel: (0532) 461671 (5 lines 24 hours).

Scrimgeour Vickers & Co

SENIOR BUSINESS DEVELOPMENT APPOINTMENT

—USE YOUR ENTREPRENEURIAL DRIVE TO DEVELOP MIDDLE EAST MARKETS

Scrimgeour Vickers & Co and Citicorp have combined their expertise to take advantage of the radical changes in the financial market place. We require a Senior Business Development Professional for our Institutional sales teams to service and develop our existing Middle East client base as well as promote new business in the region.

Your background will be one of extensive investment industry experience involving stockbroking and fund management. In addition, you will need a quick intelligence, a lively mind, enthusiasm and the poise, confidence and maturity expected of an influential figure operating in a high profile position. You will be based in London but extensive client contact will be required, therefore you must be familiar with Middle East markets and culture as there will be frequent travel to the region.

The remuneration package and potential for further growth will fully reflect the importance of this key appointment.

Please write, enclosing a full C.V. to:
Merlan Davis
SCRIMGEOUR VICKERS & CO
20 Copthall Avenue, London EC2R 7JS

BUSINESS DEVELOPMENT

On-line Investment Information

City — **Excellent Salary**

Our clients, a leading firm of stockbrokers, are exploiting the available micro-computer and communications technology to offer private and institutional clients a comprehensive investment and portfolio service.

The division is established and now needs an ambitious manager to expand its cover both in terms of client base and the range of services.

You will be an inventive manager with knowledge of marketing investment services, an appreciation of the developing technologies and the determination to be successful.

For further details write or ring the number below during office hours quoting Ref: NJA

ROCHESTER

Rochester Recruitment Ltd., 21 College Hill, London EC4R 2RP
Telephone: 01-248 8346

MUSLIM COMMERCIAL BANK LTD. LICENSED DEPOSIT TAKER

LENDING OFFICER:

An opportunity has been created for the appointment of an *experienced and versatile officer to join our newly re-organised* team to enhance our International business. Ideally the candidate will have experience in negotiating, documenting and supervising a Euro currency loan/asset portfolio. Ideally A.I.B. qualified with minimum 3 years' experience in the practical field.

Full C.V. to:—
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INTERNATIONAL BANKING

Jimmy Burns reports from Buenos Aires on a serious threat to Argentinian banking practice

Banco de Italia collapse hints at further trouble

THE COLLAPSE of Argentina's third largest private bank, the Banco de Italia y Rio de la Plata, is proving much more than a simple storm in a teacup as some officials claimed at the outset. Quite apart from the immediate repercussions—a run *on dollar deposits last week* severely strained the liquidity of other banks—the collapse has revived serious questions about local banking practice. It has also put to the test President Raul Alfonsin's electoral pledge that he would clean out the financial system and make it more efficient and transparent as part of the fight against 1,000 per cent *inflation*.

Banco de Italia y Rio de la Plata, *or "Italia," as it was* popularly known, was a mirror image of the country's history. Founded in 1872 by an Italian immigrant, it benefited from successive waves of immigration and the influence that Italo-Argentines have grown to have on local politics. But Italia's tradition and veneer of respectability obscures a chequered and controversial performance in recent years. A hint *of what lay beneath its public image* was dramatically exposed during the temporary union occupation of the bank's main headquarters last week. From the windows of one of the city's most solidly built and oldest buildings, passers-by were *showered* by *pamphlets* accusing the bank's more recent shareholders of embezzlement.

"Grave errors of management, a large proportion of bad debts, and a high degree of dubious lending between company associates," was the post-mortem issued last week by an official close to the bank.

Italia's "modern" phase followed the military coup of March 1976 after a majority shareholding was bought by three Argentine business groups. Senior management of the bank was taken over by a construction group owned by Sr Francisco Macri. The other shareholders were the Herlitza group, linked to real estate, and the Grupo Juncal, which had as its main pillar 10 associated insurance companies.

After a brief interlude during the transition from democratic to military rule, the three groups set about broadening their horizons. Of the three, Sr Macri appears to have been *particularly bold* in linking the expansion of Italia to the activities of a growing string of *associated companies spanning* real estate, energy and manufacturing. These companies, between 1976 and 1981, mushroomed into one of the country's major private holdings involving the Macri group in most of the military's prestige projects such as the multi-billion Yacyreta hydro-electric project and the introduction of mechanised garbage collection *in Buenos Aires*.

The bubble burst in 1980 with the collapse of the Banco Intercambio Regional

The late 1970s were boom years for the Argentine banking system as it accompanied a revival of free market economics. The Government over-valued the peso and boosted imports further with the lifting of tariff barriers. The aim was not only to hold down *domestic prices but also to open* up the economy to domestic and foreign competition after years *of stultifying protectionism*.

The result for the country as a whole was certainly dramatic but not quite in the way the economy minister of the time, Sr Jose Martinez de Hoz—nicknamed the "Wizard of Hoz" by the international financial community—had hoped.

Bankers and their customers embarked on a financial extravaganza, greatly aided by the availability of foreign loans. The value of the peso and high domestic interest rates meant *that funds could be recycled* and turned into a fat profit virtually at the drop of a hat.

By 1979 Argentine banks found that they were offering interest rates on 30 day money of up to 136 per cent compared with a cost of about 80 per cent on borrowing abroad. Small wonder that deposits grew to a *record 26 per cent of GDP from* little more than 6 per cent before the military coup. During this period Argentina's foreign debt grew from just over $7bn to over $30bn, one of the most dramatic growth rates *experienced in the third world*.

A normal practice before 1981 was for a company to obtain a *local bank guarantee to* secure a foreign credit in dollars. This was then converted to pesos on the local exchange market and rechannelled into the bank which would then on-lend at an increased spread.

By law Argentine banks were restricted in their investments in non-banking companies or in pursuing preferential treatment of companies which were part of the same group. In practice, however, loopholes were assured by the lax exchange controls and the absence of any restrictions on the amount of foreign currency lending a bank can make to resident Argentine entities or individuals.

The bubble burst in 1980 with the collapse of the Banco de Intercambio Regional, which *had grown in just a few years* from a little-known finance company into a leading private bank. The collapse set off a chain reaction of bank failures and company bankruptcies. Italia survived but only just after seeing one of its clients, the agro-business giant Sasetra, sold with debts of over $1bn.

Sr Ricardo Zinn, vice-president of Sevel, Fiat's Argentine *offshoot. this week defended* Italia's performance in those years when he was appointed executive manager by the Macri group. "*After* my appointment to the board in March 1978, the bank paid particular attention to reducing its operating costs, the modernisation of its systems, and pursuing new business activities to broaden *the bank's underlying support*," he said in a *statement* published on Wednesday. "When I left the board in March 1981 Italia was maintaining without problems its traditional solvency and sense of responsi*bility*."

A slightly different picture was given by risk analysts at that time. They suggested that liquidity was strained and depositors were recommended to reinforce their relationships *with the bank by close management* contact.

By the early 1980s Italia had over 70 branches in Argentina and four representative branches abroad, the most important being in New York. *It also had a banking company in Uruguay*—a venture begun in 1979 with the specific aim of capturing non-resident foreign currency deposits—a 20 per cent stake in Trebol International Corporation, a Netherlands Antilles-registered company operating in New York, and a small participation in Bladex, a Panama-based trade bank.

More recently Italia has been at the centre of a series of swift share transactions, beginning with the sale of the Macri group's stake to another real *estate company run by Sr Luis* Gotelli, a former Minister of Public Works.

The Grupo Juncal, as the local representative and supplier for Wang Laboratories, the U.S. computer group, played an important role in providing advanced accounting systems *during Italia's "modernisation"* phase. But officials of the group said this week that they had kept a cautious distance from the bank's main activities ever since the Sasetra failure, gradually *shedding* its *shareholding, and diversifying* into safer activities outside the financial system. In April this year Juncal accompanied Siemens of West Germany in a successful bid for ITT's local subsidiary, Standard Electric.

In March this year the central bank received notification of Italia's latest board changes and share swaps. Sr Gotelli has *sold* out to two businessmen, Sr Joaquin Abentin and Sr Jose Bartolucci, with interests in the meat packing industry and Celulosa, the pulp manufacturer. *The main parties concerned* seriously miscalculated by thinking that the move was just another in a series of uncontested share swaps.

Prices are allowed to fluctuate wildly and the future profitability of borrowers remains impossible to calculate

The authorities, uneasy of the possible political implications *of an alleged close personal* friendship between Sr Bartolucci and a brother of President Alfonsin, withheld its approval pending an investigation into the bank's past activities.

In the vanguard of the opposition was a young graduate accountant, Sr Marcello Da Corte, whose meteoric rise from the ranks of the ruling radical party's left wing was confirmed last year with his appointment, at the age of 32, to the board of the central bank. Sr Da Corte was among a group of influential officials who were convinced that Italia's underlying insolvency would anyway be tested by a package of financial reforms aimed at channelling the banking system away from speculation and towards productive investment.

The reforms finally introduced in April included a clampdown on blackmarket exchange operations, and the elimination of a veiled central bank subsidy to banks in difficulties. The measures were accompanied by claims that the Government had finally launched its offensive against the "Patria Financiera" (financial fatherland—a term used in popular jargon to describe the deeply entrenched banking interests which are alleged to have enriched themselves at the expense of the common man.)

For all the hyperbole, it is clear that when it comes to a large bank like Italia, the politically fragile government of President Raul Alfonsin is deeply *divided between those* who see the need to avoid propping up banks where management and shareholders deserve no support and those who wished to bolster confidence in the banking system.

In the final analysis, however, the repercussions of Italia's collapse are likely to depend less on good intentions than on the Government's ability to reduce the country's 1,000 per cent rate of inflation.

No amount of legislation is likely to improve Argentine banking practice so long as prices are allowed to fluctuate wildly and the future profitability of borrowers remains impossible to calculate. Persistent high rates of inflation over the years have bred a particular mentality within the system: In the words of Sr Leonardo Amidjar, a senior analyst, "Argentine bankers are essentially money operators. They are characterised by a high dose of intuition and very little time for credit risk annlysis."

EUROPEAN INDUSTRY

Kenneth Gooding on the changing shape of the Spanish car group

Seat recovery moves up a gear

VOLKSWAGEN of West Germany is keen to take control of Seat of Spain—but not until the Spanish Government has put the financial affairs of the state-owned car producer in good order.

Not only does Volkswagen want the Seat balance sheet cleaned up, the German group also insists that some of the cash for the next round of Seat's investment programme be made available before control changes hands.

A start has already been made. The Spanish government has written the Seat capital (nominally Pta 36.5bn or $215m) down to nil. Some Pta 42bn of new capital has been provided. In addition, the state contributed Pta 21bn to help cover Seat's 1983 losses.

Another Pta 45.9bn has been promised for the next few years to cover further restructuring.

Seat's last respite from perennial loss-making was in 1977. Since then it has accumulated losses totalling Pta 160.6bn. That included the peak deficit of Pta 35.78bn for 1983. Last year's loss was also above Pta 35bn.

Since 1981 Seat has had to pay for a rationalisation programme which will reduce its workforce from 31,000 at the end of that year to 20,000 by 1989.

It has also spent about Pta 119bn on new products and tooling, including a family of engines and three cars. Seat's ambition is to "combine Mediterranean style with German quality" so it turned to Porsche in West Germany for engineering help and Ital Design's Sig Giorgio Giugiaro in Italy for styling for the new models; the small Ibiza, the medium-sized Malaga, both introduced already, and the mini Marbella, still to come.

Seat was able to get so much for what, in motor industry terms, was so little outlay because the designers were told the new models should be able to be produced mainly from existing tooling.

The Spanish group was forced to move fast to revamp its model range when in 1980 its 30-year association with Fiat of Italy, which had provided technical assistance and took Seat-built Fiat cars for its dealer networks, came to an acrimonious end.

Seat can continue to use existing Fiat components for as long as it wishes, so the Malaga, launched at the recent Barcelona Motor Show is built on the floor pan of the Fiat Ritmo/Strada and the Marbella will use the Fiat Panda floor pan.

Volkswagen moved in to fill the technical-assistance role vacated by Fiat. Unlike the Italian group which had a controlling shareholding, and decided it could not afford to put more money into Seat, VW so far has invested not one Pfennig in the Spanish company.

Cost constraints will ensure that the switch from Fiat-based components to VW-based ones by Seat will be only evolutionary and gradual. By 1988 Seat expects to have spent another Pta 175bn on its next range of models, three new "families."

VW wants to ensure that money is provided up-front by the Spanish government before taking control.

The two sides are also pondering Seat's huge debt of Pta 150bn mostly raised in the Eurodollar market. Last year the group's interest payments were equivalent to 18 per cent of its Pta 200bn revenue compared with the European motor industry average of 3 per cent.

But VW is an enthusiastic suitor because the relationship has already brought benefits to both partners. The Spanish market has been opened up to VW, previously held at bay by high tariff barriers against cars. And Seat's factory at Pamplona has been re-equipped to produce VW Polo, Santana and Passat models and will this year provide the VW dealer network outside Spain with 50,000 Polos.

Car production is cheaper in Spain than in West Germany where it is difficult to make small cars profitably. So Seat hopes to be given the job of producing all VW's Polo requirements when the current model is changed. There is capacity at Pamplona to make 180,000 of them on two shifts and VW's quality-measuring methods show that the Polos being produced in Spain today are at least up to German standards.

Sr Juan Jose Diaz Ruiz, Seat's commercial director, says: "It would be logical for VW to produce all Polos in Spain rather than 90,000 in Spain and 90,000 in Germany. But there are political considerations to be borne in mind, union considerations. However, there is a distinct possibility that it would happen."

Seat decided after the breach with Fiat to set up its own dealer network throughout Western Europe and in other parts of the world, including, eventually, North America. VW has helped speed up this process by putting Seat in touch with importers in various European countries.

Sr Juan Jose Diaz Ruiz: "It would be logical for VW to produce all Poles in Spain."

Sr Diaz Ruiz points out that the importers have carried most of the cost of setting up the European distribution network which enabled Seat last year to sell 81,200 of its own-brand cars and gain a 1 per cent share of the European market (excluding Spain) and 1.5 per cent when Spain was included.

However, Seat itself has put up some money to help importers launch the marque and its products. This cost about $25m in 1984 and $16m will be spent this year.

Sr Diaz Ruiz says this form of investment will tail off as awareness of the Seat brand grows. "This year we will sell 45,000 cars in Italy, 25,000 in France, 9,000 in Holland, 5,500 in Belgium, so the importers have a volume base and don't need our assistance any more."

He reveals that, even after paying for the launch costs and investment in establishing the Seat name outside Spain, "we still make five times the net profit we would make if we were exporting only to Fiat."

Not everything has gone according to plan for the new Seat management, installed three years ago. Some importers did not live up to agreed targets and have already been changed.

In Spain Seat's market share has been falling and its image has suffered from recent difficulties such as various false starts to the launch of the Ibiza and the fact that the visual quality of the first Ibiza models left much to be desired.

The Seat marque market share in 1983 was 22.5 per cent, but fell to 17.1 per cent last year, and was down to only 12 per cent for the first quarter of 1985.

Seat insists that, as its cars are being sold alongside Volkswagen models and the dealers are Seat - Volkswagen - Audi dealers, the VW-Audi share must also be taken into account. However, while VW has gone from a 1.3 per cent share in 1983 to 5.5 per cent last year and 6.9 per cent in the first quarter of 1985, that still leaves the combined total down from 23.8 per cent in 1983 to 18.9 per cent at the end of the first quarter, 1985. The company has some way to go to the 25 per cent share it hopes for.

Sr Diaz Ruiz remains supremely optimistic about the company's production expectations, however. He says 1985 output should be about 370,000 cars (up from 296,000 last year) of which about 160,000 would be for the Seat network in Spain, 120,000 for Seat export markets, 50,000 would be built for VW and there would be 40,000 Pandas for Fiat.

Next year Seat hopes to reach capacity-level output of 400,000 cars, including 280,000 Seat and 120,000 with VW badges. Exports next year are targetted to be 130,000 built-up cars plus 20,000 kits, plus 50,000 Polos for VW.

If Seat achieves that targetted output, it should be profitable in 1987.

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Reporting directly to the Financial Director and working closely with Senior Managers, in particular the DP Manager, the Finance Manager will assume responsibility for the day to day running of the accounts department. Chief responsibilities will include providing accurate financial and monthly management accounts, salary administration and day to day cash management.

Candidates should be qualified chartered accountants aged in their early 30's with several years' management experience. An outgoing person with developed communication skills and a strong management style will match the needs of the job. Flexibility and the ability to organise will enable the successful candidate to deal with a wide variety of tasks.

Please reply in confidence, giving concise career, salary and personal details to Peg Eva and quoting Ref: ER783.

Arthur Young Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Arthur Young Executive Selection

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Chief Accountant

Aylesbury — **c. £27,500 + Benefits**

Our clients, The Equitable Life Assurance Society, are one of the leading UK life offices, with an enviable growth record and a fine reputation in the pensions and life assurance sector of the financial services market.

Due to the planned retirement of the present incumbent next year, they now seek to recruit a chief accountant who will be responsible for the control and development of the accounts and related functions, which are highly computerised on a twin ICL 2966 installation. Emphasis will be on the provision of enhanced management information to reflect the increasing complexity and volume of business handled.

Candidates should be graduate chartered accountants, preferably aged 35 to 45. They must have the maturity, experience, and leadership qualities required to meet the challenge of this very demanding role which has considerable growth potential. The generous remuneration package will reflect the seniority of the post.

Please write, in confidence, with full career details and quoting reference E2739/L to J. W. Hills, Peat, Marwick, Mitchell & Co., Executive Selection Division, 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

Internal Audit Manager

Major Financial Services Group Portsmouth

Schroder Financial Management provides an integrated and comprehensive range of financial services to individuals, partnerships and private companies. We currently employ over 600 staff based in over 20 locations in the United Kingdom.

A vacancy has arisen in our Head Office in the centre of Portsmouth for a Manager of the Internal Audit Department. Reporting to the Chief Internal Auditor of the Schroder Group, the Manager, Internal Audit will be responsible for ensuring that Group accounting standards and controls are maintained, and will be expected to contribute to the development, implementation and monitoring of all processing systems.

The requirement is for a qualified accountant with relevant experience preferably gained in a financial services environment. The nature of the role calls for a high level of communication skills and the ability to interact effectively with senior management within the Group.

In addition to a competitive salary, we offer a substantial range of benefits, which includes a Company car, mortgage subsidy, non contributory pension scheme, and comprehensive relocation assistance.

For further details and/or an application form, please write or telephone:

G.M. Keeley, Group Personnel Manager, Schroder Financial Management Limited, Enterprise House, Isambard Brunel Road, PORTSMOUTH, PO1 2AW. Telephone Portsmouth (0705) 827733 Ext. 335.

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Management Accounting

with a leading investment/securities house

£15K + benefits

Nomura is a leading international investment house and a major force in the expanding Eurobond market. Growth of trading in bonds and equities, on a global scale has provided important opportunities for business expansion.

As the international securities business continues its complex evolution, new opportunities and new risks create an ongoing challenge for our senior management team, which needs accurate and extensive accounting information at its fingertips.

We now require an additional accountant to help collect, evaluate and present this management information, as well as to handle various other financial accounts, including taxation.

A recently-qualified ACA in your mid-twenties, you should combine a 'Big 8' professional background with a high degree of personal drive, maturity and commercial awareness.

The exceptional salary is supported by generous benefits including a bonus scheme, BUPA membership and a mortgage subsidy scheme.

Candidates should write with full career details to: Philip Grainger, Personnel Manager, Nomura International Limited, Nomura House, 24 Monument Street, London EC3R 8AJ.

NOMURA

Director of Finance

Herts — **c£25,000 + car**

A major high street retailing chain that attributes its success to aggressive marketing, acquisitions and sophisticated computer systems, now wishes to recruit a Director of Finance. Future plans include a possible market listing which may result in further acquisitions.

The position calls for exceptional management skills, a strong commercial awareness and the drive and ambition to command a full board appointment.

The successful candidate will probably be a graduate chartered accountant, aged 30-35, with retail trade and strong computer systems experience.

An excellent remuneration package includes an executive car and a bonus scheme geared to performance. Relocation assistance will be given if appropriate.

Interested candidates should write to Andrew Sales FCCA, Executive Division, enclosing a comprehensive curriculum vitae, quoting reference 257, at 31 Southampton Row, London WC1B 5HY.

MP

Michael Page Partnership

International Recruitment Consultants

London Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney

Business Development Accountant

Industrial acquisitions

Rural Midlands — **c.£25,000 + car**

This is a unique opportunity to join a publicly quoted Group with interests in electrical, electronic and light engineering markets. As part of its commitment to further growth, the Group is actively seeking new acquisitions and is looking to recruit a dynamic executive of the highest calibre to identify potential companies and undertake detailed feasibility studies.

The ideal candidate will be a qualified accountant aged 28 to 40, preferably with MBA, who has had international exposure to investigations, acquisitions and experience of introducing standardised information and reporting systems. The personality and ability to work at Board level, to contribute positively, and to accept considerable responsibility are essential requirements. Success in this position may lead to promotion in the longer term.

The starting salary is negotiable together with an excellent fringe benefits package.

Please write or telephone for an application form or send detailed CV to **R. H. Southwell** at the address below, quoting **ref: AAA1/9339/FT** on both letter and envelope. No details are divulged to clients without prior permission.

PA

PA Personnel Services

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6 Highfield Road, Edgbaston, Birmingham B15 3DJ Tel: 021-454 5791

Financial Controller

S.Wales — **c.£20,000 + bonus + car**

A world leader in its consumer goods sector is to double its production facilities by a major new plant investment. It therefore seeks a Financial Controller to be the top financial executive of this important profit centre. Future prospects are not limited to this subsidiary of a rapidly expanding British industrial group.

Candidates, aged 28-35, will be qualified as ACMA, ACA or ACCA. They will have successful experience in manufacturing industry, latterly in control of finance and accounting in a substantial operation. High professional competence, application and creative ability are essential.

For full job description write in confidence to W. T. Agar at JC&P, Selection Consultants, 104 Marylebone Lane, London W1M 5FU, showing clearly how you meet our client's requirements, quoting ref 2226/FT. Both men and women may apply.

JC&P

John Courtis and Partners

Ambitious Young Accountant

For Special Projects Role within Aviation

Central London

Our client offers an excellent opportunity for a young qualified graduate to take on a senior problem-solving role and gain broad-based experience within a complex and demanding environment.

As part of a highly professional team you will report to the Director of Finance and Planning and be involved in a wide variety of projects spanning the entire organisation, which has a turnover in excess of £200 million.

This is a completely unstructured, non-routine function demanding a high degree of personal initiative, excellent communication skills and the ability to work autonomously to uncompromising standards.

While abilities and talent will be more important than a lengthy track record, your background must include experience on computerised systems with a large organisation.

If you are seeking to progress your career and feel you can meet the requirements of this demanding position, contact us immediately on (01) 409 1343 quoting job ref. LT11.

Le Tissier Executive Selection, Ely House, 37 Dover Street, London W1X 3RB.

Le Tissier

Executive Selection

Finance Manager

Board Prospects

London — **c £18,000 + car**

For a young and fast growing public relations consultancy with ambitious plans for further expansion.

In this new post you will report to the Managing Director and be responsible for administration and all aspects of financial planning and control. You will work closely with professional advisers on property, legal and tax matters, and act as Secretary to the board.

The man or woman we are seeking is a qualified accountant or company secretary with a background of sound professional or commercial experience. In the medium term there may be an opportunity to join the board and to participate in profits or equity.

Write in confidence to EH Simpson, quoting ref. S402, at *10* Bolt Court, London EC4 (telephone *01-583 3911*).

Chetwynd Streets

Management Selection Limited

FINANCIAL/MANAGEMENT ACCOUNTANT

We are seeking a qualified and enthusiastic accountant to manage and control all of our Company's financial affairs.

We are a long-established but lively company buying packaging materials, mainly from the Continent, for sale in the UK to pharmaceutical, cosmetic and perfumery houses. We have two small factories in England, sales of £5.5m and 175 employees.

An attractive salary package will be negotiated, including car and PPP.

Please send brief but factual career details (including day and evening telephone numbers if possible) to me:

J. M. Smith, Chairman,
INTERNATIONAL BOTTLE COMPANY LIMITED
Beadle House, Bull Plain, Hertford, SG14 1DT.

GROUP FINANCIAL CONTROLLER

Salary Circa £19,000 + Car

Medium sized, highly profitable, Surrey based group of companies requires a commercially orientated financial controller who will be responsible for all financial and administrative functions reporting to the chairman.

Duties include the control of the financial and management accounting functions, the continued development of information systems and development of the computer facility. Planning and budgeting the group's activities will be an important part of what should develop into a broader role within the group.

Candidates should be qualified accountants with relevant experience, late 20s-30s and proven ability to motivate and communicate at the head of a small team. Prospects are excellent.

Please send full cv to Box A9014 Financial Times, 10 Cannon Street, London EC4P 4BY

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Accountancy Appointments

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CHARTERED or MANAGEMENT ACCOUNTANT

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International Travel

Our clients manufacture office equipment for a world-wide market. Following a recent acquisition, they need a Divisional Financial Controller, with a knowledge of German, who will be based in S.E. England. If in addition to your qualification, you have a good knowledge of micro-computer-based accounting systems and experience in the preparation and interpretation of consolidated accounts, budgets and forecasts, please send a full cv, quoting ref FT/855, and listing companies to which your application should not be forwarded, to:

Jennie Pask,
RILEY ADVERTISING (SOUTHERN) LIMITED,
Old Court House,
Old Court Place,
Kensington,
London W8 4PD.

International Auditors

c £18,000

One of the world's largest pharmaceutical groups, with substantial operations in Europe, the Americas and the Far East, has recently promoted several of its international audit team to financial and management roles in operating companies. The group now requires two recently-qualified accountants to work as part of this team who will be based at the group's British subsidiary in Hertfordshire.

The audit department reports to the Chairman of the main board and works independently of any of the operations. Its objective is to review and evaluate financial and operational activities as a service to management. This involves the auditors in extensive travel with frequent visits to the group's head office and to operating companies throughout the world.

The department acts as a training ground for future line managers and therefore candidates should already have gained audit experience in a large organisation, be able to communicate effectively at all levels and possess a perceptive business mind.

Remuneration: around £18,000 plus benefits.

Please write in confidence to Jane Woodward (Ref 6413F) or telephone on 01 638 3722.

KMG Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX

Marks & Spencer
Computer Audit
£16-20,000

Marks & Spencer needs no introduction. This highly successful company can demonstrate a remarkable history of growth. The company's success is based both on quality and a readiness to diversify into new areas.

An excellent career opportunity exists for a high calibre Computer Auditor within the Internal Audit department of the Head Office Finance Group in Central London. Joining a small, professional computer audit team this newly created position will have responsibility for audits and special investigations of computer installations, computer systems and communications networks. Additional areas of involvement will include reviewing new computer systems and initiating improvements in administrative and operational efficiency.

This key appointment offers exposure to a broad range of computer products involving the use of interrogation packages. Prospects are excellent; career progression within either the Audit function or the Finance Group as a whole.

Candidates should possess a minimum of two years experience in computer audit gained within either a large professional accountancy firm or the computer audit function of a commercial organisation. An accountancy qualification would be advantageous. In addition to a high level of *technical expertise candidates* should offer *excellent communication skills, management ability* and an innovative approach.

A first class benefits package includes a non-contributory pension scheme, free life assurance, profit sharing after a qualifying period and, at the more senior level, a company car.

Please apply directly to Jeff Grout at Robert Half Personnel.

ROMAN HOUSE, WOOD STREET, LONDON EC2Y 5BA. 01-638 5191

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emA

Group Controller

c. £40,000 + Car + Bonus

A major and highly respected public company with interests in high quality businesses in communications, finance and manufacturing, our client is generating impressive growth in the UK and internationally.

Reporting to the Group Financial Director and as a senior member of the London based headquarters executive, the Controller will review and analyse the performance of the group and its subsidiaries. With key responsibilities for financial reporting and control, investment appraisal and computer systems development, he or she will be expected to make a considerable contribution to the achievement of the group's business strategy.

Applicants, ideally in their mid 30s, must be graduate Chartered Accountants with an impressive career profile to date. Please write, enclosing a career/salary history and daytime telephone number to David Hogg FCA, quoting reference I/2302.

EMA Management Personnel Ltd,
Halton House, 20/23 Holborn, London EC1N 2JD
Telephone: 01-242 7773 (24 hour).

High-profile career challenge for a

Graduate Financial Accountant

Recently qualified ACA mid-20s from £22,000 + benefits

This opportunity occurs within the Finance Department of Pedigree Petfoods, a substantial and highly successful division of an international group whose annual UK turnover tops £800 million. The Department not only provides a full financial service to the unit but also manages the treasury operations of the UK Group. The present role combines both unit and Group responsibility for cash management and tax accounting – involving substantial interface with the US corporate centre.

Operating in a business-oriented environment renowned for the effectiveness and precision of its *financial planning and controls, you will have wide* scope to introduce innovative measures that impact directly on the bottom line. You will be expected to contribute in the areas of dividend and tax planning, investment opportunities and financial systems development. At the same time, you will maintain a firm grip on the daily control of Group funds and the preparation of Group Accounts. Effective performance will enable you to exploit a broad range of development options extending beyond functional, unit and national boundaries: the division is well known for its consistent record of significant career advancement.

We therefore seek a high-calibre, graduate chartered accountant in his or her mid-20s who can combine solid professional expertise with the ability to contribute to strategic treasury planning. To date, you should have gained sound experience with one of the major accounting firms, including exposure to large international manufacturing company requirements and, in particular, consolidations and corporate taxation. Crucially, you will possess the level of numeracy that makes for a ready appreciation of the business implications behind the figures, and the personal 'weight' to forge positive, influential working relationships with both unit *management and external contacts.*

Starting salary will reflect the significance of this post. A comprehensive package of non-contributory benefits will include (if appropriate) generous assistance with relocation to this attractive, rural, low-cost housing area offering many amenities.

For more information and an application form, please telephone Maureen Lohan on 0664 64171, ext 3034. Do not send a cv at this stage.

Pedigree Petfoods, National Office, Waltham-on-the-Wolds, Melton Mowbray, Leicestershire LE14 4RS.

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Pedigree Petfoods   Pedigree Chum Whiskas Kitekat Pal

Systems Development
Financial Services

Central London **c£17,000 + mortgage etc.**

Our client is one of the UK's best known and most influential financial groups. Following a recent reorganisation it seeks a qualified accountant, preferably aged mid/late 20s, to join a newly established multi-discipline team within its largest division.

In this challenging position you will play a key role in developing a number of accounting systems and in devising management information systems for operational management.

This is an exceptional career opportunity in a rapidly changing sector of the market which will provide invaluable experience for future accounting or systems roles.

Generous benefits include a non contributory pension and subsidised mortgage.

Contact David Tod BSc FCA, on 01-405 3499 quoting ref: D/78/IF

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

ACCOUNTANCY APPOINTMENTS APPEAR EVERY THURSDAY
Rate £37.00 per Single Column Centimetre
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Partnership Secretary

North West **c£20K+car**

Our client is a leading firm operating in the financial services area and dominant in its sector of business.

Anticipated growth and reorganisation have *identified the need for a high calibre individual* to manage initially the finance function, implement additional controls and enhance the management information.

Potential for growth in this job both in breadth (secretarial/administration) and depth (subsidiary companies) will be constrained only by the rate of success of the person appointed.

Candidates are likely to be qualified accountants in their early thirties. Experience of financial services is less important than commercial awareness and an ability to participate in the policy decision making process. Of paramount importance is successful experience of implementing/enhancing computerised accounting systems, together with the potential to undertake increased responsibility.

Candidates should send a C.V. to Anne Campbell (reference A21), Spicer and Pegler Associates, Executive Selection, St. Mary Axe, London EC3A 8BJ.

Spicer and Pegler Associates
Management Services

UNIT LINKED ACCOUNTANT

Salisbury **PACKAGE c.£15,000**

UK Provident is a major life and pensions office with an outstanding record in the broker market. Our plans are well advanced for the launch of a range of unit-linked and unit trust products later this year.

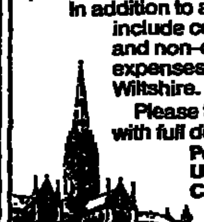
We are now seeking an Accountant to be responsible for all accounting, including statutory accounts and returns, and day to day financial operations.

The ideal candidate will be newly qualified or a finalist. Experience in a financial services environment would be an advantage.

In addition to an attractive basic salary, fringe benefits include concessionary house purchase facilities and non-contributory pension scheme. Relocation expenses will be paid, if necessary, to Salisbury, Wiltshire.

Please telephone for an application form or write with full details to:

Personnel & Training Department
UK Provident, United Kingdom House
Castle Street, Salisbury, Wiltshire SP1 3SH
Tel: 0722 336242



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North London firm of Chartered Accountants seek young and ambitious qualified person to join their growing staff and assist in the development and promotion of this fast-expanding practice.

An ability to deal at all levels is essential, and for the right candidate there are partnership prospects.

For further details, phone or write, quoting reference DJ/840 to:

THE PERSONAL SERVICE
ACCOUNTANCY ASSOCIATES LIMITED
incorporating Accountancy Recruitment
5 VIGO STREET LONDON W1X 1AH TELEPHONE 01-439 3387 TELEX 27789

Financial Controller

C. London **circa £17,500**

Our client, a recently established subsidiary of a major British high technology group, is about to launch a new product which will impact significantly upon the business community.

A qualified accountant (aged 25-35) is required to join the Management Team. The wide ranging brief will include responsibility for financial and strategic planning together with the establishment of management information systems to support the business now and in the future.

The position demands an outstanding individual who can combine technical competence with imagination, has well developed commercial instincts and above all a determination to achieve agreed business objectives.

Longer term career prospects are excellent and not necessarily limited to the finance area. Relocation expenses where appropriate will be met.

Contact Patrick Donnelly on 01-222-5169 quoting reference FT/70.

tfi The Finance Index
Financial Recruitment Consultants
11 Palmer Street, London SW1A 0AB Tel: 01-222 5169

INTERNATIONAL GROUP OF COMPANIES

Seek fully qualified Chartered Accountant to supervise the running of their London Head Office and prepare monthly and quarterly accounts. This is a responsible position reporting directly to the Chairman and Managing Director. Salary negotiable, according to experience.

Write Box A9018
Financial Times, 10 Cannon Street, London EC4P 4BY

International Appointments

Computer Opportunities-Kuwait

A leading Kuwaiti Bank, in line with continuing expansion and future growth has created a number of opportunities in the Computer and Data processing field. Experienced specialists will contribute to the development of the Bank's computerised system. The following positions are required:

System Development Manager (SDM)

To take responsibility for all systems development and implementation of new computerised systems.

Applicant must have a minimum of 8 years experience in Data Processing with at least 3 years in Banking Systems Development Management.

Group Project Manager for Retail Banking (GPMRB)

To develop and implement new computerised system for the retail banking area including all branch and ATM activities.

Applicant must have a minimum of 5 years experience in Data Processing with at least 2 years on a Project Leader's capacity particularly in Banking systems. Experience in Retail Banking and ATM's is preferable.

Group Project Manager for Banking System (GPMBS)

To develop and implement new computerised system for the Bank's Specialised operations.

Applicant must have a minimum of 5 years experience in Data Processing with at least 2 years at a Project Leader's level.

Data Base Administrator (DBA)

To be responsible for maintaining the integrity of the Bank's data and to see that it is used in the most efficient and secured way.

Applicant must have a minimum of 5 years experience in Data Processing with at least 2 years in Data Base Administration.

Telecommunications Analyst (TA)

To provide an effective telecommunication network to enable the Bank to provide the service to its customers.

Applicant must have experience in handling and designing telecommunications network.

Systems Analysts/Programmers (SA/P)

To develop and implement new computerised systems.

Applicants must have 5 years experience in Data Processing with at least 2 years as Section Leader

Candidates should preferably be University graduates with appropriate professional qualifications. A knowledge of Arabic and experience of working in the Middle East is preferred, but consideration will be given to other candidates who can demonstrate the relevant experience, drive and enthusiasm required for these positions.

Attractive tax free salary and benefits packages will be negotiated to commensurate with education and experience. It is likely that initial interviews will be arranged in London or Kuwait.

Interested candidates should write with full career and salary details quoting position reference to Personnel Manager P.O. Box 5196 Safat, Kuwait.

All applications will be treated with strict confidence.

Senior Financial Accountant

International Investments

The Gulf — *up to £90,000 tax free package*

Our client is an independent investment management agency established by the Government of a Middle Eastern country to manage the nation's liquid reserves. The agency is going through a period of rapid expansion and development and now seeks two qualified accountants to strengthen their management team.

Reporting to the Director, Investment Accounts, your key responsibility will be to examine accounting and operational requirements with particular emphasis on computerised accounting and management information systems development. Investments are of multi-currency nature with a wide geographical coverage.

Candidates should be qualified (ACA, ACCA, CPA) and have several years' relevant experience with a financial institution actively involved in international investments. A thorough knowledge of computerised management information systems is essential and experience in developing, implementing and managing integrated accountancy systems would be ideal.

The attractive tax free salary will be accompanied by a full range of expatriate benefits, high class accommodation, car, school fees, air fares etc., and a two years' renewable contract on a single or married status.

Candidates should write in strictest confidence enclosing a full cv and quoting MCS/2006 to Milton Ives,
Executive Selection Division,
Price Waterhouse, Southwark Towers,
32 London Bridge Street,
London SE1 9SY.

Price Waterhouse
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Appointments Wanted

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Write Box A9010, Financial Times 10 Cannon St, London EC4P 4BY.

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American president N.A. subsidiary of UK electronics products company seeks new challenge with UK plc anxious for start-up of U.S. subsidiary or fast growth in sales/profits in the Americas.
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FRENCH NATIONAL, wide experience of top financial management of U.S. corps., looking for commensurate position, or possibility to act as broker, agent, consultant for U.S. corps. in France. Write Box A9017, Financial Times, 10 Cannon Street, London EC4P 4BY.

JOB HUNTERS. Word Processing/C.V.'s and mailing list. Please ring for further details. Tel: 01-39 9011.

GUINEE—AFRIQUE OCCIDENTALE

Aredor guinee est une nouvelle société qui opere une installation alluviale de mines et de traitement des diamants en Guinee, Afrique Occidentale. La mine se situe a quelques 750 km a l'interieur du pays ou nous avons une main d'oeuvre de 140/1,000 Guineens expatriates.

L'extension de l'operation exige la nomination d'un comptable des couts de revient diplome jusqu'au niveau acma, decs ou iut.

Le candidat elu sera de preference parfaitement bilingue (Francais/Anglais) et age de 25-35 ans. Le candidat devra bien connaitre les systemes de comptabilite par ordinateur et avoir une experience des systemes intégrés d'etablissement des couts de revient de mines qui auront été obtenus soit d'un nombre d'annés d'experience, soit d'une participation dans l'etablissement d'un tel systeme.

Le salaire sera exempt des impots du Royaume Uni et sera dans la region de £15,000 par an.
Les autres concessions comprennent:—

Des tournées de service de six mois suivis de six semaines de conge paye.
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Les demandes d'emploi ecrites a la main et accompagnees d'un CV doivent etre adressees a:

D. G. Ford, Directeur d'Administration
BRIDGE OIL SERVICES (OVERSEAS) PTY LIMITED
Green End Ho Store Fuiluse
Rickfords Hill, Aylesbury, Bucks HP20 2RX

FOREIGN EXCHANGE MANAGER

BERGEN BANK INTERNATIONAL S.A.

BERGEN BANK INTERNATIONAL S.A.
Luxembourg

We seek a highly qualified person to be in charge of our treasury activities. The ideal candidate will have several years' experience in deposit and forward dealing in Euro-currencies and the ability to manage the day-to-day activities of the treasury department. In addition, he must be able to develop the relevant strategies.

Fluency in English and a Scandinavian language is required.

Salary will be established according to qualifications, and reasonable relocation expenses will be covered.

Please address the application marked Private and Confidential, not later than 15th June, 1985, to:

O. K. Røed
Managing Director
Bergen Bank International S.A.
P. O. Box 383, L-2013 Luxembourg

Portfolio Managers

A challenge that's as big as Australia!

Australia's buoyant economy and the challenge of financial deregulation have accelerated the growth of one of its largest, most diversified financial institutions — the National Mutual Group.

As an Australian leader in the life insurance, pensions, banking and financial services markets, National Mutual needs talented and experienced investment specialists to manage its portfolios.

The positions are in our Head Office, Melbourne. Arrangements have been made with the Australian Government to expedite emigration procedures.

National Mutual's investment expertise is reflected in its wide range of products — insurance, pension and international funds, equity and property trusts, with world wide assets in excess of $A9 billion.

We are looking for a number of talented people to join our investment management teams, with varying levels of responsibility in the operation of portfolios ranging from $A40 million to $A500 million. Successful applicants will be experienced in the management of equity and/or fixed interest portfolios.

If you have the skills we need, this is your opportunity to take on a challenge — and a lifestyle that's as big and exciting as Australia itself.

Rewards

We offer attractive salaries and benefits which fully reflect the importance of these positions to National Mutual's future development.

Relocation

Successful applicants will be offered relocation assistance with air fares, removal and relocation costs, temporary accommodation and immediate concessional housing finance.

Written applications should be directed to:

M. J. Cummings,
Personnel Manager,
National Mutual Life Association of Australia Ltd.,
NM House,
Serpentine Road,
Poole, Dorset,
BH15 2BH.

National Mutual

ARM 17287

INTERNATIONAL OPPORTUNITIES

Providing a full complement of innovative overseas business services, HONEYWELL HIGH-TECH TRADING enables emerging advanced technology companies to reach their full potential in growing world markets. Positions are now available in Singapore for:

MEDICAL PRODUCTS MANAGER — Skilled international professional to lead a 3 to 5 person team of sales and sales technicians to cover the medical equipment export market in the Asia Pacific Region. Experience in patient monitoring, ultrasonic imaging, cardiovascular equipment and ECG is essential. Salary in range of $35,000 U.S. equivalent.

COMMERCIAL BUILDING & AUTOMATION SPECIALIST — Large & medium size digital systems experience absolutely necessary. Position requires an individual who can handle all aspects of international turn-key projects from sales to start-up. Additionally serves as the regional expert for unique troubleshooting problems. Experience in computerized building control systems integrating security systems, energy management and HVAC is essential. Training and developing of support personnel an integral part of position. Salary in range of $30,000 - 35,000 U.S. equivalent.

FIRE ALARM & SECURITY SPECIALIST — Experienced individual who works as part of a team to provide electronic security systems as part of a larger building management system. Must be able to develop bids, perform application engineering, supervise installation and troubleshoot, as well as, develop sales leads in conjunction with in-country local representatives. International experience a definite asset. Salary range of $25,000 - 30,000 U.S. equivalent.

All of the positions will require extensive travel throughout SE Asia. Benefits competitive. Interested candidates should forward CV/resume to: Mr. Wm. Muller, Honeywell Singapore PTE, Honeywell High-Tech Trading Company, One Maritime Square, 11-19 World Trade Center, Singapore, 0409.

Together, we can find the answers.

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THE ARTS

Opera/Max Loppert

Glyndebourne's first Carmen

A Glyndebourne *Carmen* at last! How long it has been needed and wanted. Sitting *through the* inevitable big-house dilutions (especially those saddled with Guiraud's *wretched recitatives), one has* hungered so often for the pin-point *opéra-comique* treatment, in a theatre of the proper size, which this festival would seem heaven-sent to provide. The new show (sponsored by Citicorp Bank) is conducted by Bernard Haitink, produced by Peter Hall, and has Maria Ewing in the title role. Though not everything came into focus in Tuesday's opening performance, the occasion lived up to a gratifying number of high expectations.

The Glyndebourne benefit that first insists on being noted is musical. Bizet's score sounds miraculous in this theatre. Dry acoustics do no harm to the scoring—the reverse, indeed, for the removal of all additive gloss, of what Martin Cooper has called the "smart, velvety, *turistico" style of Carmen con*ducting à la Karajan, is crucial to Haitink's approach. Its absence, in combination with the brightness and pungency of the colours, makes for one of the abiding joys of the experience.

Conductor and orchestra (the PLO on splendid form) bring *to the music a sense of* ebullient enthusiasm that imprints itself on almost every corner of the text. The first two acts, sprung on rhythmic movement urgent without ever being hard-driven, moved with a near-faultless *command of pace. The mesh of* dialogue and song was as seamless as could be hoped for on a major first night with a cast largely non-French; and no doubt it will become ever better as everyone relaxes into the style. In any case, spoken passages given absolutely complete is another of the performance's joys. No amount of too-careful *delivery* could spoil their pleasures: we really do know less about the opera without them.

In the trickier third act there were hints of mid-scene flagging. Haitink's appreciation of *the broad stretches of candid* lyricism contained in Micaela's air is as genuine as his delight in the more obviously remarkable passages that surround them, but the various styles were not yet exactly matched. On the whole, though, this already ranks with Abbado's Edinburgh Festival *Carmen* (another important small-*theatre discovery) as music*-making of ear-cleansing freshness, pierced with truthfulness and modesty in evoking the exact nature of Bizet's genius.

For the most part, the stage direction chimes wonderfully well with the musical. Sir Peter and his designer, John Bury, appear to have gone back to *19th century* French tradition for the look and feel of their scenes—in spirit if not in actual *stylistic* recreation. *This is most* noticeable in the tavern, a shadowy moorish hideaway, den and haven *all at once. Candle*-light flickers (the suggestion of footlights is most cunningly evoked). The action can be played out with easy intimacy and economy.

The impress of past theatrical styles, and of such artists as Délacroix and Géricault on the design, does not inhibit the unforced naturalness that is a mark of Hall opera production at its best. Throughout, with the possible exception of the mountain scene (picturesque features here appear to cramp movement), the *levels* of "ordinary behaviour" and higher operatic intensities have been placed and joined with a skill as pointful as it is undemonstrative. On Tuesday I felt that the cast had yet to seize all its opportunities; only Marie McLaughlin's Micaela, bonny, demure, sturdy, and most beautifully sung, could be counted a *completely finished* portrayal. But the prospect of such a "seized" performance is not far off.

Maria Ewing as Carmen

Miss Ewing, an operatic actor incapable of dullness or routine, declares the extraordinary qualities of her Carmen from the first. No vamp this, but a lissome *jolie laide*, open-eyed and devastatingly witty, with a quick temper and a strong line in doing the unexpected *from impulse*. The Habanera is almost as Piaf might have sung it: all evening one notes the encyclopaedic range of the singer's vocal devices, from blanched non-vibrato to powerful full throat. *It is continuously fascinating*, but in the determination to avoid easy routes to the character it is continuously overdressed and overdone; the process of purification and simplification now needs to begin in earnest, *for with it will come* a stronger emotional impact, a sharper overall definition.

The José of Barry McCauley (recently noticed here in the Paris Opera *Alceste)* opened out from initial awkwardness to chart a *moving study of self*-willed downfall, passionate in loss of control, mercurial in motion. If the singing was not *always* shapely or *smooth*, the larger impression was powerful enough to subsume the flaws. David Holloway, *third* American in a cast that also includes Malcolm Walker's excellent Morales, is a chubby, undangerous Escamillo—no match, unfortunately, for José's vigorous physicality.

Notable among the smugglers were Gordon Sandison's trenchant Dancairo and the alluring Mercedes of Jean Rigby; as Zuniga the veteran Frenchman Xavier Depraz, a little threadbare of voice while singing, *gives everyone a lesson in* idiomatic spoken delivery. The decision to cut short the weak final e-sound in musical phrases is ill-advised. It leads in some instances to positively ungainly results.

The Huguenots/Museum of London

Roy Strong

England has always had the capacity to assimilate alien groups into its society who become within two generations as one, but at the same time maintain the memory of their *origins. Among these, few can* rival the Huguenots in pride of descent, epitomised in the foundation, in 1885, of the Huguenot Society of London, membership of which is accorded only to those of proved descent from those who fled from France when Louis XIV revoked the Edict of Nantes.

The centenary of that society and *the tercentenary of that* event are marked by an impressive exhibition at the Museum of London (until October 31) entitled *The Quiet Conquest: The Huguenots 1685 to 1985.*

Although the title is cryptic, *the absence of numbers on the* exhibits infuriating, and the "tunnel of love" display technique dated, I cannot praise the exhibition enough. We are presented, in vivid form, with a large chunk of our history, focusing in the main on the century that followed the arrival of these immigrants, with a brief indication both of *what* preceded and what followed, down to our own day.

In an age of ecumenism, *groups like the Huguenots* can easily be forgotten. After the bloody wars of religion of the late 16th century in France, the Edict of Nantes in 1598 guaranteed religious toleration to the 10 per cent of the popu*lation which had embraced the* reformed faith; in this instance, Calvinism, with its heavy stress on the work ethic and the practice of the virtues of sorbriety and frugality of life aligned to honest dealing. Their form of worship — *plain*, reverent and democratic—took place in temples and centred on the *singing of the Psalms* as translated into French by Clément Marot.

Little disturbed their way of *life* until Louis XIV's Revocation of the Edict of Nantes in 1685. Suddenly the Huguenots *were faced with either forced* conversion to Catholicism, or their menfolk condemned to the galleys, their daughters sent to convents. It was the deliberate, cruel eradication of a faith by a totalitarian régime, a tragic story brought vividly to life in this exhibition, above all in the individual stories of those who made their escape concealed in barrels, wine casks and panniers; or dressed in disguise.

The rulers of England had long offered asylum to persecuted Protestants from abroad. Indeed, there is a second exhibition to mount on the immigrant community which have formed such an artistic and intellectual stimulus to the Elizabethan and Jacobean ages. This subject is only touched on here in items such as a miniature by Isaac Oliver, who had been brought by his parents from Rouen in 1568; a book by the hydraulic engineer Salomon de Caus who introduced mannerist gardening in all its fantasy (a garbled and inaccurate account in the catalogue); or the portrait drawing by Rubens of the famous doctor, Sir Theodore Turquet de Mayerne.

Huguenots in the second wave of immigrants held on to their language and corporate identity until the third quarter of the 18th century. They settled in two areas of London, Soho and Westminster—close to the court and to those who indulged in conspicuous consumption—and in Spitalfields, which became the *centre of a thriving* silk industry. To this day weavers' houses can be seen there. They had their own churches; the two *principal* ones were the Savoy and the one in Threadneedle Street. In the main they stuck to their own form of worship, although some adopted the Anglican liturgy in translation as it was used in the Channel Islands. Even today the French Church in Soho Square and the French Hospital (moved down to Rochester) still operate. All this is brought vividly to life in portraits, plate, prayer books and other documents.

This is an historical exhibition, but it has its art side. The Huguenots were watchmakers, sculptors, textile designers, engravers and silversmiths. Paul Crespin and Paul de Lamerie were leading exponents of the rococo style: two cases here are banked with their work. Close by is a galaxy of pieces from the Derby and *Chelsea factories* designed by Nicholas Sprimont or modelled by Andrew Planche. There are medals by James Dassier; portrait ivories by Jean Cavalier, David le Marchand and Isaac Gosset.

One name, however, crops up more than any other: Daniel Marot. He was the first man in this country to be what might be described as an interior decorator. Trained by Berain at Versailles, he exported his own brand of French court grandeur, adapted to the *Protestant court of William III.*

For William, he superintended the interiors of Hampton Court, and for the Duke of *Montagu* those of Montagu House. It is a rare chance to see some of the Montagu decorative panels on loan from Boughton, which testify to his skill as a designer. Magnificent wall decoration was *married into a hitherto* unknown complexity in the deployment of textiles, in upholstery and curtains. These were executed by another Huguenot, Lapiere.

Marot went on to design *everything from gardens to state* coaches. Through engravings this notion of the coherent controlled decor of a room under the direction of one man was disseminated as we can see, for instance, in one of a "china" *room in which porcelain is* arranged in patterns all over the walls. Even the porcelain was designed by him: here in a case are items he conceived for Mary II's Diary at Whitehall and for her Water Gallery at Hampton Court. *The line of descent* to Adam if not to John Fowler is clear.

As in all historical exhibitions, it is the melange of objects from unlikely sources which is refreshing. Time and again one is reminded of how much the Huguenots gave to their adopted country. In a century's time, will members of the communities that have arrived in our own day, in the aftermath of empire, be able to look back with as much pride in achievement, and stage such an exhibition? I wonder.

A portrait of Paul Crespin (1694-1770), Huguenot goldsmith

La Cenerentola/Glyndebourne

Ronald Crichton

Rossini's *La Cenerentola*, in the production by John Cox seen two years ago, returned on Monday to open the new Glyndebourne season. Except for the two step-sisters, Marta Taddei and Laura Zannini, the cast is new.

So is the conductor, James Judd, although both he and the Angelina, Carolyn Watkinson, have appeared with the touring company in these capacities. Andy Hinds, in charge of the touring production, is responsible for this revival.

Miss Watkinson's considerable abilities are familiar. She *is not*, I think, a natural comedienne, and the voice does not have the right tang for this music. Yet in her cool way, with her even, soft-grained tone, combined with power and agility, she produced some notable singing. If anything, she overplayed the girl's development from gawky slavey to radiant happiness. The happiness of the close *was convinc*ing enough but the rondo was endangered by the violence of Miss Watkinson's assaults on the high notes at the top of the triumphant downward runs.

Mr Judd whipped up the London Philharmonic to some energetic if not yet sufficiently polished playing. Better that than under vitalised Rossini, but volume is not necessarily the answer. For all the excitement of, for example, the crackling orchestral part of Magnifico's drinking scene, one was aware of some rough riding.

The men were good, even if their contributions did not yet add up to a properly integrated *Glyndebourne experience.* A grateful salute to a much-loved veteran, Sesto Bruscantini, for a portrait of Angelina's pathetic, dreadful old scamp of a father, which needed no apology on the grounds of the singer's own seniority. This Don Magnifico is an object-lesson in style, timing of gesture, and unforced diction. Mr Bruscantini, moreover, was the only member of the cast who did not, in this over-loud performance, find it necessary to shout.

There is a new Dandini, *Alessandro Corbelli*, whose entrance on a property horse looking like Charles I playing *Mozart's* Commendatore is one of the production's better moments. Mr Corbelli's incisive playing and singing when disguised as his master the Prince, the mixture of servility and eagerness in his demands for reassurance, and the slight suggestion of bitterness in the resignation with which he returns to his normal status *revealed* a baritone of distinguished quality. Prince Ramiro was the American tenor, Robert Gambill, clear and firm in delivery, a little hard in tone, but conveying a sureness of touch not often found among *singers of this difficult role.*

The philosopher Alidoro was taken, most interestingly, by the Jamaican bass, Willard White—tall, dark and mysterious, allowing the big aria by Rossini for which an easier one by another composer is often used instead. As Mr White impressively showed, Rossini's own aria opens up the extra dimension essential *to* his music but by no means always discovered by his interpreters. It also, and inevitably, stressed the shortcomings of this restlessly fussy, jokey production; an unlovable example of the "I say, isn't this fun" *approach* to an *elusive* (and much-abused) composer.

The sets—Allen Charles Klein's —which so singularly become more crowded and cluttered the more deeply the stage opens up, do not improve on second viewing. The toy-theatre *storm* scene worked by children went wrong. This aroused the sporting *instincts of the audience, which* yelled with sympathetic delight. Better, possibly, to scrap the *idea and persuade the public* to listen to the music.

Susan's Breasts/Theatre Upstairs

Michael Coveney

The titular features—what Dud and Pete used to call "busty substances" — in Jonathan Gem's new play in the Royal Court Theatre Upstairs are in fact an illusion. Susan *believes she* is flat-chested and sterile because of going on the Pill at the age of 14. An out-of-work actress, she slaves in a friend's restaurant and is caught in the jealous vortex of a pair of rival new Romantics, *her live-in boyfriend* Paul (Garry Cooper) and the enigmatic, fruit-juggling Lemon (Jason Carter), a musician in dark glasses who deals in sounds of the apocalypse.

Like Doug Lucie in *Progress*, Mr Gems is a lively and *critical chronicler of the new media*-obsessed, middle-class, post-punk generation. Paul, for instance, is 28, on the dole, and he hasn't cried for five years. He is an unpublished writer running around in sports cars supplied by *his father* (eventually, of course, he lands a job as a copywriter with J. Walter *Thompson). Then there is young* Carol who joins the crowd from Welwyn, takes a room in Susan's flat and starts snorting heroin for a giggle. She ends up covered in needle scratches, a disaffected pusher careering off to the latest fun palace in a black rubber corset.

While not attempting any*thing as physically* ambitious as *in his last play, The Paranormalist*, Mr Gems nonetheless offers further evidence of his quirky, individual talent. He pursues with relish the humorous contradcitions inherent in the havoc played on a *seemingly casual lifestyle* surface by the welling up of bourgeois possessive emotions.

Susan herself is one of those on whom other people write their obsessions and needs. Caroline Goodall catches exactly her drifting, lacuna-like personality and the natural, attractive vivacity of someone capable merely of deep feeling and shallow commitment.

My only quarrel with Mike Bradwell's otherwise pugnac*iously entertaining production* is that Lemon is too much of a just that. The abduction to *Plymouth and the impassioned* spiel of his Lemon aid—imprecations to cease all this trivial participation in your own process of metropolitan decay—are neither sufficiently tough nor funny to energise the dramatic upshot.

Susan discovers she is pregnant and starts to fill out in the upper torso region just as she lands a film part as an anorexic. So it goes, with aspiration stubbing its toe on the grim pavement of reality. Paul's best friend Adrian (Stevan Rimkus) loses his girlfriend along with any control over the BFI *sponsored film* he is making about the Peasants Revolt. "Last night I tried to kill myself," he reports, "but all I could find was champagne and uppers."

The shifting locations, interior and exterior, are beautifully accommodated in Geoff Rose's crepuscular blue design, *blood traced delicately on* slender tree trunks which grow through the walls beyond which the English landscape is a shimmering mirage. The costumes, too, are a joy, ranging from the Sunday afternoon *Camden Lock punk jumble sale* look to the electric rocker suits you might need for a night out at the new place, which is "like the Hippodrome *only tattier.*"

*

Jonathan Gems directed the last play of Philip Davis at the Old Red Lion, opposite the Angel tube, and Mr Davis now continues his promising writing career at *the same venue* with a striking psychotic monologue, superbly delivered by Robert Pugh, for an incarcerated child molestor. *The Elephant's Foot* is a prisoner's triptych resembling, and not just because of *Mr Pugh's prognathous jaw* and staring scariness, the paintings of Francis Bacon. This gem of a short piece is followed by a regular stinker, *Manhattan Souvenirs*, which deals with a transatlantic relationship as a snuff movie. Snuff of that.

Prey's Loewe/Covent Garden

David Murray

Few singers would dare to devote a recital to the ballads of Carl Loewe (1796-1869), but Hermann Prey has made a habit of it. That is not perversity, but plain good sense: the best Loewe songs are so appealing, so expert and—in their special vein—so original that they demand to be performed; Prey happens to be their ideal performer.

His Loewe recital at the Royal Opera on Tuesday was a predictable pleasure, and what it lost to the dull acoustic of the house was easily made up by the stylish brilliance of his pianist, Helmut Deutsch.

One hesitates to speak of an "accompanist" in Loewe songs, for in many of them the piano-part is half the point. Though Loewe made a career as a touring performer of his own music, the effective vocal writing—more for singing actor than mere singer — depends upon the alert, witty piano, quick to respond to the nuances of every text.

The piano idiom stems from Weber, developed to serve the dramatic needs and the musical argument of Loewe's favourite form: the narrative ballad, fabulous or historical or moralising. Despite *echoes of* Schumann in later songs, it is essentially early - Romantic, bright, forward and routined; but it is also neatly apt and inventive. Like his exact contemporary Franz Berwald (born just before Schubert, *died at* the same time as Berlioz), *Loewe holds* an original niche in musical history without having altered its course.

Lively and faithful, Deutsch was a model Loewe pianist, and Prey is a pastmaster. From the "Erlkönig" (Loewe's vies seriously with Schubert's, and they are both "op. 1") to the late psychological vignettes, Prey was cunningly natural, extrovert and disarming.

That is *just what* the songs are for. Perhaps the Prey baritone is less velvety than in earlier days, prone as ever to settling on the bottom edge of notes; but *he* is a great communicator. Given that kind of artist, Loewe's expressive range proves vital and timelessly fresh. Biedermeyer period-bound it may be—but also tidy, and honest, and affecting.

Prize day at the Royal Academy

The Royal Academy's Summer Show does not open publicly until June 1, but yesterday was prize-giving for those artists *whose works have caught the* eye of the professional judges. This year £11,800 has been awarded for pictures of special merit, with RAs capturing the two biggest payments.

Korn Ferry, the head hunting *company has come in* as the biggest sponsor, giving £5,000 to the creator of the work of most exceptional merit. This year it goes to William Scott for his abstract "Variations." Scott is one of the grand old men of modernism.

Another celebrated RA Carel *Weight receives the £3,000* Charles Wollaston Award, elected by a group of RAs. It is for his contribution, "Day of Doom."

This year 15,060 works were submitted for the Summer *Show, of which a third were* accepted but not hung. 1,712 actually grace the walls.

A.T.

Kent Opera retrenches

Financial restrictions are limiting Kent Opera to just one new production in 1985-86 — *The Coronation of Poppea* by Monteverdi which was, in 1969, its first opera presentation. The production will open in the spring of 1986 with Jonathan Hales as producer, to design by Roger Butlin.

Other operas will be Handel's *Agrippina, which will be played* at the Bath Festival on May 28-29; *The Barber of Seville*, for *a second season, and a revival* of the Jonathan Miller production of *La Traviata.*

This season Kent Opera increased its audiences during its spring tour at its five venues by 26 per cent, but it has an accumulated deficit of £70,000, and its Arts Council increase of just 3½ per cent has meant the loss of one week's touring *as well as only one new opera.*

A.T.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 17–23

Exhibitions

LONDON

The *Saatchi Collection*: Charles and Doris Saatchi have been collectors of contemporary art since 1970. The catalogue of their collection, The Art Of Our Time, is being published volume by volume, and a gallery established to make it available to a wider public. The gallery is an astonishing converted paint warehouse at 98a Boundary Road, NW8, that offers more exhibition space for temporary shows than any *other gallery* in London, except perhaps the Tate. There are to be three or four shows a year, of a few artists at a time. Those now being shown are Cy Twombly, Brice Marden, Andy Warhol, Don Judd, and Richard Serra. The gallery is open on Fridays and Saturdays between 12 and 6, or by appointment. (624 8299).

PARIS

Renoir: An important exhibition of the most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body capturing the light, comes to Paris from the Hayward Gallery, London. It consists of some 125 paintings and 50 Drawings, including Le Bal du Moulin de la Galette, Les Grandes Baigneuses and La Danse à Bougival, Grand Palais, Closed Tue. Ends Sept 2 (261 5410)

James Tissot: A nostalgic evocation of the charms of *Edwardian life*, with his fashion-plate perfection in rendering ladies' rustling dresses and beautiful hats, surrounded by attentive dandies at various social occasions. This show arrives in Paris from the Barbican, London. Petit Palais. Closed Mon. Ends Jun 30.

***Maîtres Impressionnistes et Modernes*:** Art dealer Daniel Malingue has an exhibition of which Renoir, with 15 paintings, is the glowing star. *Yet* there are other great names present – Gauguin, Signac, Kandinsky. Chagall being eternally Chagall, an unusually structured black and orange Léger, a Magritte, amazingly sinister. Galerie Daniel Malingue, 26 Ave Matignon. Ends *Jun 15.*

WEST GERMANY

Berlin, Schloss Charlottenburg, Spandauer Damm, Neuer Flugel: Berlin is putting on the biggest exhibition of Antoine Watteau to commemorate the *300th anniversary of his* birth. The National Gallery of Arts, Washington, the State Museum of France and the administration of Berlin's castles are sponsoring the show. The French rococo painter often used poor quality colours, there*fore many* of his paintings are in a bad condition and have not been displayed before. The exhibition includes 73 drawings and 143 paintings. Ends *May 25.*

Cologne, Kunsthalle, Josef-Haubrich-Hof I: "Ornamenta Ecclesiae." To underline the importance of the romanesque churches, the Cologne Schnüttgen museum has organised an exhibition of roughly 600 religious works ranging from 11th to 13th century including illuminated manuscripts and gold artifacts. Ends June 9.

Cologne, Kunsthalle, Josef-Haubrich-Hof 1: 'Ornamenta Ecclesiae.' To underline the importance of the romanesque churches, the Cologne Schnüttgen museum has organised an exhibition of roughly 600 religious works from 11th to 13th century. These are illuminated manuscripts and *gold artifacts from* museums and collections from all over the world. Ends Jun 9.

Berlin, *Gropius Bau*, Stresemannstr. 110 Berlin 61: Treasures of the Forbidden Cities. Timed to coincide with this year's Berlin Horizon 85, the Peking Palace museum *is coming* to Europe for the first time, with roughly 120 works covering 3500 years of Chinese history. The exhibition in Berlin includes gold, and Jade, paintings, porcelain, musical instruments and calligraphs. Ends *August 18.*

VIENNA

Vienna 1870-1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Aldolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic *achievements of this era* with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of *municipal* socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth *Symphony. Displayed exactly as in*tended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

BRUSSELS

Hotel Metropole is celebrating its 90th *year* and *in its splendid fin de siècle* public areas, worth a visit in themselves, they are exhibiting glass and objets d'art from the *Belle Epoque to* Art Nouveau including works by Wouters, Gallé and Daum. Also on show are a collection of illustrated menu cards including a Press Banquet in 1893, Congo in 1898 and Sarah Bernhardt in 1896. Ends Jul 20.

ITALY

Genoa, Palazzo Della Commenda: Japan – The Avant-Garde of the Future: Antique Kimonos from Kyoto form part of the historical section of a *huge exhibition* of contemporary Japanese art at various centres in Genoa. The series of early Japanese erotic prints (from the Museo Chiassone) – *shown here for the first time* in public – form an amusing contrast with Hajime Sorayama's sexy robots (at the Teatro Falcone), which are everywhere in Italy at the moment advertising a well-known make of car. Until mid-June.

Venice, Palazzo Fortuny: Toys for the *science-fiction* era, *showing how* vastly more sophisticated robots have become, since first produced in the 1950s. Ends Jul 14.

Naples: Capodimonte Museum: The Age of Caravaggio: This huge and highly successful exhibition moves this month from the Metropolitan in New York to Naples. Michelangelo Merisi, better known as Caravaggio (the name of the town near Milan where he was born four centuries ago) led an anguished life: a born outsider, licentious, violent and always in trouble with the *authorities.* His powerful and super-realistic paintings offended the conventionally pious. That they survived is thanks only to a handful of rich and discriminating patrons. Until End of June.

NETHERLANDS

Paul Klee at the Commanderie van Sint-Jan Museum in Nijmegen. 60 paintings, watercolours and drawings covering the years 1906-39 on loan from the holdings of the Kunstsammlung Nordrhein-Westfalen. Ends Jun 23.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 *World Fair in Paris demon*strate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

Museum of Modern Art. The first comprehensive retrospective of Henri Rousseau, including 60 works from as far away as Prague, show the masterful playfulness of the Paris toll collector who brought together man and nature at their *most* benign and intriguing. Ends June 4.

Treasures from the New York Public Library: 260 works chosen from one of the five best *library collections* in the world may cover America better than Europe, but the inclusion of a Gutenberg Bible, the Tickhill Psalter and French bindings supplements *Americana*, such as examples of Melville's work, announcements of the discovery of New York, and one of the earliest globes. Ends May 24. (42nd & 5th Av).

WASHINGTON

National Gallery. Ancient Art of the American Woodland Indians includes 151 pieces covering 5,000 years of *sculpture, ceramics*, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends Aug 4.

National Gallery (West Bldg): 38 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for a King, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

CHICAGO

Art Institute: *Though Edouard Manet* made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

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Soft option for Israel

CRISIS package after crisis package has signally failed to put a lasting halt to hyperinflation in Israel. That experience alone justifies scepticism about the latest measures announced on Sunday. The Minister of Finance himself seems to share that feelings. He said openly that political considerations had prevented the Government from taking measures as drastic as it would have liked.

In a democracy such as Israel, governments always must pay regard to the interests and wishes of their electorates. But a failure to give leadership will eventually bring down any government or cause serious harm to the country. Mr Simon Peres and his cabinet know that as well as anybody else. Why then are they unwilling to act with the determination that they know is necessary?

The simple answer is "Uncle Sam." Governments in Israel know from experience that when things threaten to get out of hand the Administration in Washington will help. This year Israel has had "routine" help of $2.6bn for military ends and to steady the balance of payments. In order to deal with the latest economic crisis, the U.S. Administration has asked Congress for another $1.5bn in emergency aid for this year and next.

Powerful friends

As long as it knows that it will always be bailed out by the Americans, an Israeli government does not have a convincing reason for being too tough with its electorate. The question is whether U.S. generosity is assured for ever.

Tel Aviv's negotiating position is undoubtedly strong. Israel is the mainstay of U.S. policy in the Middle East and has many powerful friends in America. Yet there have been signs of impatience from Washington. Mr George Shultz, the Secretary of State, has asked for economic reforms to put Israel's house in order. He sent out two leading economists, Professors Herbert Stein and Stanley Fischer, to make recommendations, some—but only some—of which Mr Peres has accepted.

What Mr Peres has refused to do is to put through a sharp devaluation of the shekel and to abolish the indexing of wages to the cost of living index which is intended to take the sting out of inflation. On a broader plane, he as refused to combat inflation at the risk of creating unemployment.

This attitude almost inevitably leads to half measures. Thus the increases in indirect taxes to restrain excessive private consumption will be partly, or even wholly, nullified by the indexation of wages.

On the issue of principle, Mr Peres may find in due course that even in Israel inflation eventually destroys jobs, just as it has done elsewhere. Economic growth in Israel has been extremely sluggish during the 1980s. Business is unable or unwilling to invest in productive capacity. One reason is that index-linked financial instruments offer a more assured return than money invested at risk. The effects may not show in the unemployment figures, but hidden unemployment is widespread.

Mr Peres and his Cabinet have acted upon two other proposals from the American experts. They are planning to adopt legislation forbidding government departments to overspend their estimates. Spending control has been lax in the past—hardly surprising when the inflation rate has not dropped below 100 per cent in any one year of the 1980s. The effectiveness of the new measure may be doubted: old habits die hard.

More promisingly, the power of the Government to order the central bank to print money with which to cover budget deficits is to be phased out over three years. The step is timid, but is in the right direction. Monetary control is an essential instrument for the control of inflation. But the creation of an instrument designed to help with monetary control is not by itself enough: there needs to be a readiness to use it.

The implication is that, even with the new crisis package adopted, Israel has barely begun to tackle the twin problems of inflation and of external deficits, both of which stem from private consumption that is excessive even after a modest fall last year. Israel has not abandoned the soft option.

Reforming the schools

ONE OF the main reasons for Britain's poor industrial performance is the inadequacy of the country's education and training systems. Differences in productvity between comparable British and German plants stem in large measure from differences in the vocational qualifications of the workforce, particularly at the foreman and operator level. The Government might claim that, with the expansion of the Youth Training Scheme, it is taking steps to overcome this problem. But even if the YTS succeeds in bringing about a decisive improvement in the quality of training, which is far from certain, an even bigger weakness is evident at the pre — training stage—in the schools.

A study of schooling standards in England and Germany, published in today's National Institute Economic Review, makes it clear that, for all the excellence of the English system in catering for the most scholarly pupils, it does a very poor job inded for people of, at best, average academic ability. It is here that German arrangements are so clearly superior, with important consequences for the quality of the workforce. Although there is much agonising in government and elsewhere about the deficiencies of Britain's schols, there is not much sign yet of a real determination to remedy them.

System imbalance

It is not that Germany devotes any more resources to its schools than the UK. There is not much difference in pupil-teacher ratios and the proportion of GDP absorbed by education seems to be lower in Germany. The point is that the schols are better organised and more sharply focused towards clear objectives. The German system provides a broader curriculum, combined with significantly higher levels of mathematical attainment, for a greater proportion of pupils than does the English system; differences are particularly marked at the lower half of the academic ranking. The German scheels also provide more prevocational instruction and this has a definite commercial and industrial emphasis.

The study underlines the imbalance of the English system between the top and the bottom ends of the academic range. Partly because of exceptionally early specialisation, the top performers reach standards not matched in Germany or in any other advanced country. But this has been bought at a heavy cost among the bulk of the population which cannot aspire to the academic heights.

Only about a tenth of all pupils in Germany leave school without a certificate attesting to the satisfactory compleion of their studies covering a broad range of basic subjcts. In England, the bottom 40 per cent have so far been excluded, as a matter of policy, from the provision of an examined qualification which caters for their potential level of attainment; incentives to work hard in the final years are consequently low. Moreover, German pupils need to achieve satisfactory marks calculated in relation to *all* subjects; stricter requirements are laid down for core subjects including mathematics. No certificates are awarded for single subjects as they are in England.

National curriculum

The study refers to the development, over a long period, of an intermediate system of schooling in Germany, the Realschule, with an orientation towards scientific, technical and business requirements, deliberately contrasting with the older, classical secondary school curriculum. In England, the attempt to graft technical subjects on to the traditional curriculum has been far less successful. The resulting compromise on educational values continues to be heavily biased towards the minority of university entrants.

One of the obvious gaps in England is the lack of a nationally prescribed curriculum. This is part of a more fundamental doubt about the decentralisation of the schools system. The attempt to give a stronger steer from the centre, as reflected in the recent White Paper, does not look anywhere near enough to make the necessary improvements. As the National Institute rightly concludes, the imediate task is to raise the numerical skills of the majority of schoolchildren and to encourage practical education. There is a need for more objective testing of the attainment of individual pupils and for national agreement on core standards for 16-year-olds and at lower ages. The fact that the size of the school population is declining provides an opportunity to start on the process of reform.

OIL'S UNCERTAIN FUTURE

The art of living dangerously

By Ian Hargreaves

WHEN the news came through last Friday that the Delaware Supreme Court had ruled against Mr T. Boone Pickens in his latest assault on a large U.S. oil company, executives at Amoco's Chicago headquarters were practically dancing in the corridors.

"I think this derails his whole train, knocks it right off the tracks," said a jubilant Mr Raymond Koeller, the company's manager for investor relations.

Amoco has particular reason to be cheerful about Mr Pickens' setback, since the company has been regarded by some as a potential, if difficult target for the Texan oil raider. But it can be safely assumed that Mr Koeller was not alone in his reaction to the news from Delaware.

One week later, the U.S. oil industry is still hopeful that the 18 month campaign by Mr Pickens to harass and dismember the industry is indeed at an end. His declared withdrawal from his takeover attempt against Unocal of California—at a potentially sizeable loss—is being widely seen as General Pickens' Waterloo.

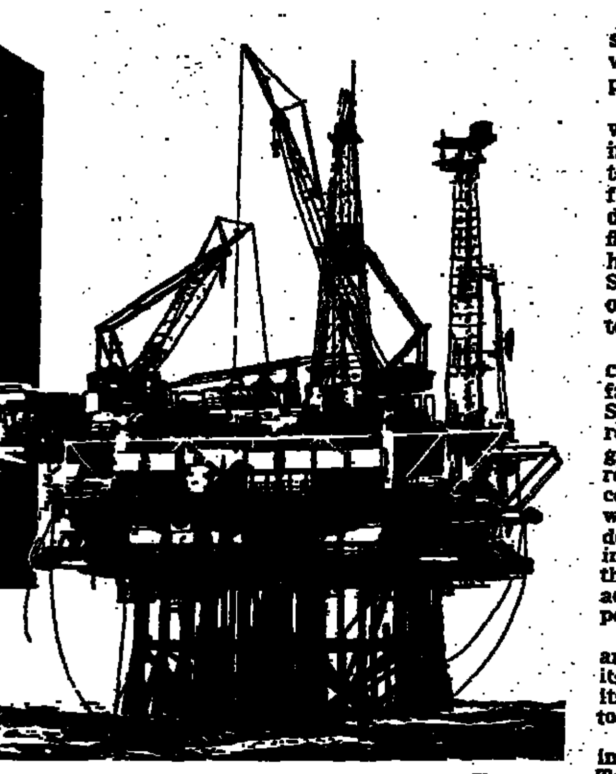
Whether Mr Pickens is on his way to Elba, however, may not be clear for some time. Certainly the Delaware decision is a major blow, coming on top of earlier blocks on the flow of bank funds to Pickens-type raiders, along with poison pills and other anti-greenmailer traps.

On the other hand, Mr Pickens is nothing if not resourceful. And the very fact that oil shares are seen to be heading for another plunge, could yet give new life to his essential case. This is that so long as oil company managements fail to achieve a stock market valuation for their companies equivalent to the worth of their assets, radical ways will be found to transfer these asset values to shareholders.

THE PICKENS EFFECT ON WALL STREET

	$ Share price end Sep 1983	Share price as % of asset value	$ Asset value †	$ Share price 21/5/1985	Share price as % of asset value
EXXON	36½	47	77.70	52¾	68
MOBIL	31	35	88.35	31	35
TEXACO	36	36	99.95	37⅛	37
CHEVRON	35⅜	33	108.85	35¼	32
AMOCO	49	45	108.45	65⅝	60
ARCO	46⅝	38	122.40	61½	50
SOHIO	51⅝	51	101.85	48½	48
BP	26¼	47	56.05	27¾	50
ROYAL DUTCH SHELL	46⅛	37	119.25	59¾	50
UNOCAL	30	39	76.45	35¾	47
PHILLIPS	34⅛	44	76.95	38¼	50

† end 1983 figures. Source: J. S. HEROLD/F.T.



Philip Thompson

As the table shows, there has been a significant narrowing of the gap between market capitalisation and asset valuation as defined by the authoritative J. S. Herold figures, since the autumn of 1983 when Mr Pickens began to prepare the attack on Gulf Oil which eventually forced Gulf into a defensive $13bn merger with Chevron.

Those companies where there has been little or no change in this relationship — Mobil, Texaco and Chevron—are those which have become takeover proof by themselves making large acquisitions (Superior, Getty and Gulf respectively) and consequently amassing large amounts of debt.

The rise in relative share values of the other companies listed owes relatively little to underlying performance — indeed the profitability of oil companies at a time of weak prices and anaemic growth in demand started to turn down again in the fourth quarter of last year. Share prices have risen in part not only due to takeover fever, but also because several companies have acted in the most direct way possible to raise their share values, by buying large quantities of their stock.

Since July 1983, Exxon has spent $4.2bn buying around 10 per cent of its own stock. Amoco is nearing completion of a programme to buy 30m of its own shares for around $1.7bn.

Three weeks ago, Atlantic Richfield (Arco) took this process a dramatic stage further by announcing that it would borrow heavily to fund a $4bn stock repurchase programme. At the same time, Arco announced a $1.3bn write-down, the sale of all its mineral operations except coal, withdrawal from its downstream refining and marketing operations east of the Mississippi and a cut in its capital spending from $3.6bn to $2.8bn this year.

"The petroleum industry is undergoing major structural changes which were not widely anticipated," said Mr William Kieschnick, chief executive of Arco in making the announcement. The moves reflect Arco's assumption of lower crude prices in the years ahead, continued serious overcapacity in downstream operations and the need to keep the shareholders happy by raising returns per share.

Oil industry managements, however, are keen to play down the Pickens factor. They point to restructuring which began before the world had even heard of Mr Pickens—Texaco's phased withdrawal from the petrol market in 19 states, for example, began five years ago.

Where Mr Pickens has not been a first cause of change, he has been an important catalyst. No one can contest the fact that the oil industry today is a vastly different creature from the one which bounded cash-rich from the price shock of the Iranian Revolution in 1979.

"We were all on a drunken binge, so the first thing we had to do was to stop drinking," says Dr Phil Oxley, president of Tenneco's exploration and production operations.

That binge, following so soon after the excesses which also followed the 1973-74 oil shock, landed the industry with five major problems:—

- Expensive investments in businesses, from department stores to office equipment, which the oil companies proved incapable of managing effectively.
- Equally expensive investments in manning which were made at the top of the commodities boom. Four years of depression have followed, creating huge losses, especially for companies with heavy exposure to copper, such as Sohio.
- A race into synthetic crude operations, based on forecasts of $80 a barrel oil. Almost all of these projects are now abandoned.
- A drilling boom which by 1981 had over 4,500 rigs at work in the U.S. alone. Drilling costs soared to $108 per foot. Today, 1,800 rigs are working, costs are down to $70 per foot and parts of the U.S. oil supply industry are on the verge of collapse.
- Persistent and so far unshakable overcapacity in marketing and refining as investments planned in the good years came on stream in a contracting market in the early 1980s.

'We were all on a drunken binge . . . so we had to stop drinking'

These conditions have bred a new spirit of financial stringency. "We are going to look at every business, every part of a business. We're going to examine every piece—just about service station to service station," says Mr Allen Murray, recently named chief executive of Mobil.

Mobil has brought in investment bankers Goldman Sachs to help with this process and has just announced that it will sell (at the cost of a $500m write-off) Montgomery Ward, the department store chain it bought for $1.8bn eight years ago.

Exxon has done the same with its office equipment division and most of the mining divisions have also been pared right back or sold. Arco is selling Anaconda and Amoco is spinning off to shareholders its loss-making minerals activities.

This retrenchment is only the most superficial of the changes going on inside the large oil companies. They are also shedding people (Exxon's payroll has fallen by 16 per cent in four years) and overhauling the management of their mainline businesses.

The most serious problems are downstream, where Texaco, in the last three years, has lost $803m on refining, marketing and tankers. The company's answer has been to close 10 of its 25 refineries in the U.S. and Europe and to get rid of most of its tankers. It has also transformed its petrol marketing structure by taking action—either significantly expanding or pulling out of activities in areas where it felt its market share was too low.

All companies predict a further shakeout of capacity in the next three or four years, although it is rarer for them to acknowledge the dangers posed by selling this plant to independent operators, capable of buying spot gasoline on depressed spot markets and using it to undercut the integrated companies.

Upstream, there is more room for disagreement as to the wisest course. At one end of the spectrum, Arco has signalled its view that falling oil prices mean there is less justification for heavy exploration spending. As Mr John McKinley, chairman of Texaco, comments: "a prudent explorationist will not spend as much money looking for $25 oil as one might in looking for $40 oil."

That is an approach which goes down well on Wall Street, where Charles Maxwell, a distinguished analyst, has drawn up a check list of ideal qualities for the modern oil company. The list include: a low debt to capital ratio; a falling exploration budget; a share repurchase plan to drive up the stock price; high real assets in relation to share price; high stock yield; vulnerability to takeover; and plenty of free cashflow.

So which stocks is Mr Maxwell recommending on this basis? Answer: none. He is so negative about the outlook for oil prices that he cannot find any company with enough of these choice features.

The industry agrees with Mr Maxwell that oil and gas prices are likely to fall in real terms for the next five years. But there is an equally strong consensus that in the 1990s they will rise again, as shut-in Opec production is absorbed.

It is on the basis of this conviction that the big companies in the industry are continuing to pour billions of dollars into frontier exploration, in spite of disappointing results in the past five years. Although they can hardly afford to ignore Wall Street, the message to ease up on exploration is a hard one to swallow.

In that sense, the most successful companies at present face the greatest uncertainties. Shell and Exxon—the former restrained by cultural and geographic reasons in the share repurchase game—are bound to continue seeking major finds which will absorb large scale development dollars, whilst casting a circumspect eye around the acquisitions market to buy additional reserves and prospects.

On the industry's next tier are companies like Amoco, with its unwavering commitment to its care, integrated business and to increased foreign exploration.

On the same tier—but facing in a different direction—are Texaco, Chevron and Mobil. These companies will all be preocupied in the next three years paying off debt from their acquisitions; they will not face the Shell/Exxon problems of surplus cash until the early 1990s and, should oil prices fall further than anyone in the industry seriously forecasts, they may not have the problem at all.

Outside these groups, fortunes vary a good deal. Although they escaped Mr Pickens, Phillips and Unocal have done so at huge cost to their balance sheets and face major cuts in operations.

A lot of the smaller companies—therefore 17,000 of them—will not be around to see the 1990s oil boom, it it comes. "This sector is still badly over-extended," says one Houston banker who, like his colleagues, is operating with a new stringency since the last spate of bad energy loans in 1983.

Should oil prices fall more sharply than the industry expects, even some of the larger companies will suffer wounds. "A $5 drop in the oil price would wipe out Texaco's earnings," says Mr Maxwell. According to Mr Nicandros, it would take a catastrophic drop in oil prices—$10 a barrel—to blow Conoco's strategy off course. "But it starts getting 'cata' at around $20," he laughs. Nor, he says, does the prospect worry him. It could be dealt with by cutting spending, which would in time have the effect of stimulating a boom in the commodity market called oil to which many oilmen now feel they belong.

"We are living with such large uncertainties that really we are almost comfortable with them. So long as you are capable of re-adjusting, I think you will do reasonably well. It's planning in uncertainty and getting good at it—that's more important than anything else."

Further articles will examine individual corporate strategies.

More moves in store?

"Bob Thornton deserves a knighthood for getting his share price as high as it is. If he actually manages to sell Debenhams for more than £400m, he should probably have a peerage." That was the view of another department store chief, not far down Oxford Street from Thornton's head office, last week.

Thornton had just floated the idea that he would cap any ordinary bid with a £600m management buyout — by far the largest financing of its kind yet mooted in Britain.

And last week's denial from Burton group had some people in the market thinking that Debenhams had finally escaped. For a few minutes, the share price dived.

But yesterday Burton was back again, with Sir Terence Conran—a former Debenhams' suitor — in support, apparently throwing in the full force of Habitat's style and ideas machine from the outset for an option to take up to 20 per cent of Debenhams' equity later on.

Though Thornton was saying nothing definite about his buyout plans yesterday, it may still be premature to talk of Debenhams as the sitting target implied by Warburg's choice of "duck" as its code name for the store a few weeks back.

Thornton found that funny enough at the time to have the symbol woven into some silk ties.

And yesterday he had to end our telephone chat when a more urgent call came through: "Do you mind if I stop and talk to this chap?" he asked. "He's got a thousand million pounds."

Pace-maker

General Dynamics' decision to head-hunt Stanley C. Pace from rival TRW to succeed David S. Lewis in the hot spot as chairman of the largest U.S. defence contractor, looks a shrewd move.

Pace, a 63-year-old aero-engineer, knows his way around the corridors of corporate power and the backrooms of the Pentagon where he was a senior procurement and production officer after a stint in the U.S. airforce.

After quitting the military, Pace joined TRW in 1954 as a sales manager but climbed quickly — to president and chief operating officer in 1977, second only to TRW's effervescent chairman, Rubin Mettler.

In January, as part of an orderly succession at the Cleveland-based company, Pace moved to vice-chairman, making way for 47-year-old Joseph T. Gorman to become president.

At General Dynamics, his first job before moving into Lewis's large shoes, will be to straighten out the overhead accounting and contract procedures—systems which have got the St Louis group into trouble with Pentagon auditors and Congressional investigators.

Men and Matters

"I suppose he'll go and build his glass tower in the green belt now."

The task, though challenging should be a familiar one. Last November, TRW told the U.S. Defense Department and several contractors that it had overcharged them several million dollars because of "irregularities" in its cost-estimating procedures discovered during an internal investigation.

Apart from polishing General Dynamic's ternished public image, Pace also has to establish a working relationship with the powerful Crown family which, under 88-year-old *Col* Henry Crown, tolds a 23 per cent stake in the maker of F-16 fighters, M1 tanks, cruise missiles and Trident nuclear subs.

Rothschild returns

Baron Guy de Rothschild — like Albin Chalandon, the former chairman of Elf-Aquitaine — has obviously detected a changing mood in France. He said in London yesterday that he would probably return to Paris, after a four-year self-imposed exile in New York, next year.

When the 164-year-old Banque Rothschild was nationalised by President Mitterrand's government in 1981, Baron de Rothschild, 76, declared: "From now on I am on strike."

In a scathing column in Le Monde, before leaving for the U.S., he said to be treated "as a Jew under Petain and a pariah under Mitterrand is as much as I can take."

In London yesterday for a Foyle's lunch to celebrate the UK publication of his autobiography, The Whims of Fortune — a best-seller in France — Baron de Rothschild said he had left France for professional rather than political reasons.

"I did not want the international financial community to think that we were no longer on the map," he said. "I thought I could reaffirm and demonstrate in New York that we were as alive, as full of energy and will, as the English half of the family."

Before an audience that included Lord Weinstock, Lord Bessborough and Lord Zuckerman, Baron de Rothschild said that the investment bank recently founded in France by his son, David, would in a year or two become "a Rothschild institution . . . probably known as Rothschild Freres . . . and marking the rebirth" of the family's banking presence.

Cafe society

For the first time, members of the two families which between them have run London's Cafe Royal for 20 years will sit down together for a dinner there tonight.

The hostess will be Mrs Patricia Nicols Perkins, great-grand-daughter of Daniel Nicols Thevenon, the French political refugee who founded the Cafe Royal in 1865.

Other members of the Nicols family, which ran the establishment for nine decades, will be present. The occasion also marks the centenary of the birth of the Cafe Royal's longest-serving family manager, Daniel Nicols Pigache.

Their guests will be Rocco Forte, chief executive of Trusthouse Forte, and his sister, Olga Polizzi.

The dinner will be as sumptuous as one would expect for a meeting of such culinary dynasties. A bottle of 1847 vintage madeira will be opened for starters and the courses will include a specially marinated porterhouse steak, one of Pigache's traditional dishes.

Silence is golden

Card pinned to the coat of an elderly street singer in London's West End: "Hush money accepted."

Observer

ECONOMIC VIEWPOINT

UK inflation: a jagged plateau

By Samuel Brittan

THE COURSE of inflation, like the course of true love, never *did run smooth*. The basic trend line is subject to all sorts of oscillations, especially when it is measured by the UK Retail Prices Index.

The Treasury's Budget forecast envisaged the RPI monthly *rate of increase rising from* 5 per cent last January to 6 per cent in "the second quarter" of this year but falling back to 5 per cent by the fourth quarter and 4½ per cent by mid-1986.

Inflation still seems likely to trace out a curve of the shape the Treasury indicated, but rising to a higher altitude at the top of the bulge. The April RPI Index was 6.9 per cent above a year previously; and the rata ofinc rease is likely *to go above 7 per cent before* it reaches its peak at the end of the second quarter or in July.

There are two main reasons for the bulge: the rise in mortgage rates and the depreciation of sterling between the end of 1983 and the beginning of 1985. The two are of course connected asi nterest rates were raised in large part to protect the pound.

Both these factors are by their nature temporary. Any increase in mortgage rates to a higher level exerts a once-for-all upward jerk on the index. The effect is once-for-all, because even if mortgage rates never fall again, the effect on recorded inflation is only visible during the period in which the rise takes place.

By August, when the 12-monthly comparison will already be with a period of higher *mortgage rates, the measured* "inflation rate" will fall back.

With sterling, the lags are less precise. At present the inflation rate reflects the effects of sterling's earlier depreciation. Not only will these work themselves out; but over the coming months and into 1986, the recent sterling recovery will be exerting a restraining influence.

The chart shows the effect on the RPI of removing both *mortgage* interest and seasonal foodstuffs. This adjusted index has turned out one of the best available indicators of underlying inflation, in practice superior to more sophisticated adjustments.

As one would expect, the fall in inflation in 1981-83 was gentler and more protracted on *this index than on* the crude RPI. Similarly, the recent rise looks more moderate. But it does not eliminate it altogether. The adjusted index shows inflation drifting up from 4 to 4½ per cent in the course of 1984 and reaching 5.6 per cent in April.

The movement of this index—together with the more rapid than expected rise in output and profits, and the buoyancy of some financial indicators (and house prices) — has put a different gloss on the emergency increases in interest rates this winter and the Chancellor's refusal to make any concessions in the size of his borrowing requirement in the Budget. These now seem more justified than they did at the time, as a response to real inflationary danger, and not just a stock response to a sterling crisis.

Even if one withholds judgmento n the details of monetary policy, recent events show how easily inflation can still be triggered off in an open economy like Britain, or France with no strong tradition of stable prices. Even if, in their heart of hearts, some Ministers were prepared to settle for a stable 4 or 5 per cent inflation rate, they must still behave *as if* their top priority were to get inflation down further, with "zero" on the far horizon.

The movement of demand is clearly somewhat more expansionary than the Government hoped for at the time of the Budget. Nominal GDP looks like growing by 9 to 10 per cent in 1985. While this con*tains a 1¼ per cent element of* catch-up from the miners' strike, it is still larger than the 8¼ per cent officially projected; about a third of the difference might be higher output and two-thirds inflation.

Nevertheless, the growth of monetary demand seems set to subside by 1986. The expansion of Sterling M3 and the wider aggregates—on which the Bank is now more hooked than the Treasury—give an altogether false idea of inflationary pressures.

After correcting for "round-tripping" and other distortions Greenwell's analysts suggest that the true annualised growth rate of Sterling M3 over the last six months has been 11 per cent, rather than the 15.5 per cent *officially shown. But they say* that even lower figure gives an exaggerated idea of inflationary pressures because higher real interest rates on bank deposits have made them *more attractive as a savings* medium.

Indeed, the effect on recorded inflation and the next round of wage settlements of an early further reduction in interest rates—through bringing forward a mortgage rate cut—is far more important than any extremely marginal impact such a reduction would have on Sterling M3.

The Treasury has not yet revised its Budget forecasts. The movement of sterling is, of course, reflected in both the crude and adjusted RPI figures. Import prices rose by nearly 13½ per cent in the first quarter of 1985, over the same quarter *of the previous year, compared* with increases of just over 7 per cent in the first half of 1984.

The sterling depreciation came through into import prices, and perhaps also into the prices of domestic producers competing with imports, more strongly than the official forecasters expected.

As time goes on, the recent improvement in sterling should be reflected in import prices and thus in the general price level. Sterling has regained over half its 1984-85 losses against the dollar and virtually *the whole of them against the* D-Mark, which is ultimately more important.

Thus, barring unforeseen blows of fate, there is every reason to expect the crude inflation rate to fall back in line with the Treasury *profile,* although it may not reach 5 per cent until 1986.

A more fundamental question to ask is: what is happening to the domestically generated "core" rate of inflation? This is often identified with labour costs. Even if the ultimate sources of inflation are monetary (which they largely are), the core rate shows what rate of inflation will emerge if profit margins are neither rising nor falling, the real exchange rate is stable, and there are no "shocks" from government-administered prices, such as those of the nationalised industries and rents and rates.

If we start on the labour costs side, we know that underlying earnings have been growing at 7½ per cent per annum *for the whole economy and 8¾* per cent for manufacturing for the better part of a year. The uncertainty arises over productivity, which has been particularly difficult to measure because of coal strike distor*tions and because output mea*sures are so often revised upwards in any case.

If the underlying productivity growth is put at 2½ per cent per annum — an estimate which assumes quite a lot of upward revision — then labour costs will be rising at roughly 5 per cent. (The downward impact of the abolition of the National Insurance Surcharge will soon disappear).

Recorded *inflation is at pre*sent much higher than "core" inflation because of rising import prices. It is slightly higher over the longer haul because of indirect taxes, administered prices and other additions. It is thus *difficult* to see a decisive breakthrough to inflation rates of below 5 per cent unless productivity proves *to* be growing much faster than even the most optimistic of current estimates (which are well up to its long-term average growth before the 1973 oil shock) or unless there is a change of gear towards *lower pay settlements.*

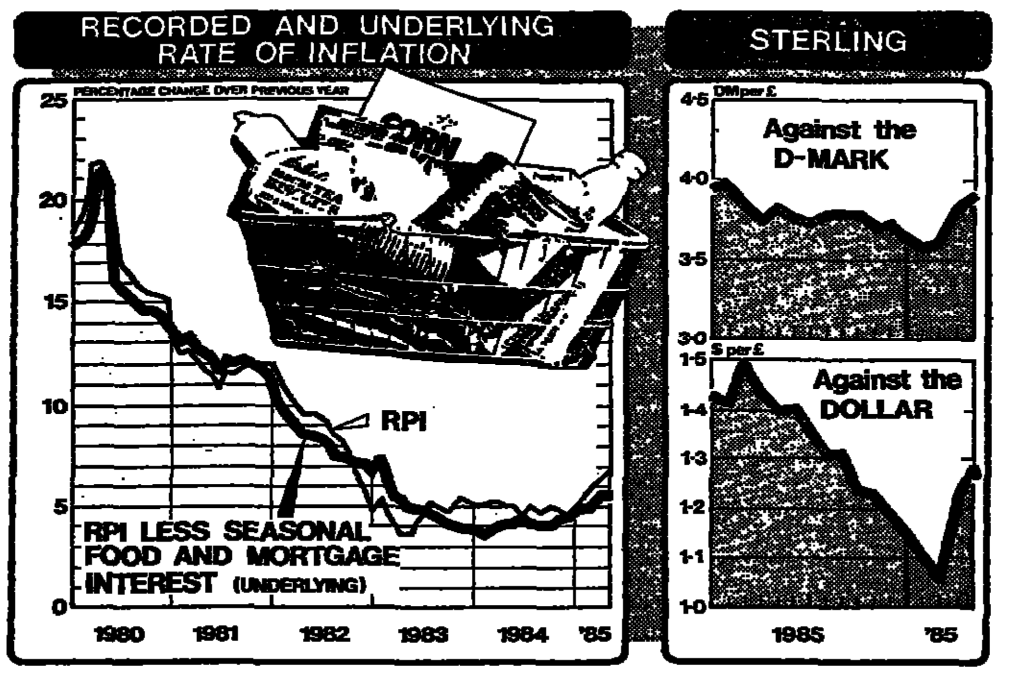
For the moment, so far from expecting lower pay increases, government and industry are expressing relief that signs of an acceleration are as slight as they are. The National Institute *remarks that the vast majority* of settlements have been running at 5 to 8 per cent for the whole economy and 6½ to 7 per cent in the private sector. On top of this must be added earnings drift which has averaged 1½ per cent for the whole economy and 2 per cent in manufacturing.

With recorded inflation rising this summer above 7 per cent and corporate sector cash continuing to improve, many *analysts expect settlements to* creep up a little in the 1985-86 pay round. Simon and Coates detects signs that this is already happening.

With union power so visibly weakening, the main impetus for excessive pay settlements is clearly coming from employers. Whether out of a desire for a quiet life, guilt about their profits, or out of a mistaken, moralistic belief that their labour forces have borne the brunt of the recession, they have been conceding larger pay increases than were needed; and thus making the public sector, which has been settling for less, look mean by comparison.

My guess is that employers' attitude are related by a very long lag to union strength of several years back. There is thus a chance that both the short-term trade-off between pay and jobs, and the unemployment rate consistent with non-accelerating inflation will improve.

But in relation to this, one does not have to be a "wet" or a "centre forward" to ask: "*How long. Oh Lord, how long?*"



Leighton Morris

Jobs, pay, unions and the ownership of capital

A booklet containing reprints of Samuel Brittan's recent articles on these subjects is now available from Nicola Banham, Publicity Department, Financial Times, Bracken House, Cannon Street, London EC4, price £1.50, including postage.

Lombard

Dangers of a crash landing

By Anatole Kaletsky

"DOLLAR BUYING was also fuelled by the upward revision in price deflator figures, which suggested that U.S. inflation may be on the rise again," the Reuters foreign exchange comment told the world on Tuesday —when the dollar jumped 3 pfennigs following a *downward* revision of U.S. GNP figures and an *upward* revision of inflation estimates. The politicians and theoretical economists, who preach about the god-like wis*dom of the markets, really* ought to spend more time watching the Reuters monitors.

The competitive market is indeed a wonderful mechanism for ensuring that businesses produce the goods and services their customers wish to use, own or consume. But the market's signals are not nearly so reliable when it is trading in pieces of paper whose main value lies in the price they fetch on resale to other investors. These pieces of paper, which may be money, shares or bonds, represent a claim of some kind on present or future production; but the link between demand for these assets and for products in the real economy is very indirect.

When a speculative bubble develops, the asset price becomes completely divorced from the underlying stream of income or production; investors do not buy the piece of paper because of the income it represents, but because they hope somebody else will pay even more for it later And, as Dr Albert Wojnilower, the sagacious chief economist of First Boston Corporation, has been warning for years, the "freeing of financial markets to pursue their casino instincts heightens the odds" of crises and bubbles.

The weak and uncertain links betwen the markets in money and financial assets on the one band and markets in goods and services on the other is the great lacuna at the heart of classical economics. Ever since Adam Smith, it has made it impossible to produce rigorous proof that the "invisible hand" of competition can automatically guide laissez faire economy towards full-employment, and it explains why classical economists have never managed to overcome Keynes's theoretical objections to laissez faire—except in a barter system, and then only if there is no uncertainty about the future.

What is the relevance of all this theory for the foreign exchange markets? Only that makes the dreaded crash landing of the dollar appear likelier by the day. That may seem a perverse conclusion to draw in a week when the dollar has unexpectedly strengthened; the dollar's resilience since it peaked in February this year is usually considered a comforting sign of a gradual and painless soft landing for the soaring U.S. currency. But if we dispense with the notion that financial markets are necessarily rational, the present signs of underlying demand for the dollar make the possibility of a soft landing appear remote.

Even after its 40 pfennig fall from the peak of DM 3.47 in February, the dollar remains completely out of touch with anything which could be regarded as a sustainable level. Against the D-Mark, for example, it is still 10 per cent above its average level of the first nine months of last year. Thus the dollar would have to fall by a further 10 per cent merely to prevent the competitiveness of U.S. industry and the $150bn trade deficit deteriorating even further—a hugely bigger fall will be required before there is any hope of reducing the U.S. trade deficit to a level which will be sustainable in the long term.

In other words, the dollar is still being sustained against economic gravity by powerful speculative pressures: at DM 3.07, the dollar seems almost as detached from underlying economic forces as it was at DM 3.47 and as it will still be at DM 2.77. The longer this continues, the more the *U.S.* economy will be weakened and the greater will be the dollar's ultimate fall. The last time there was a bubble comparable in its impact on the world economy to today's speculation in the *dollar* was *in 1929* on Wall Street. That time thre was blood on the streets before it was all over. The same may have to happen again, at least in a figurative sense, before the speculators are convinced the dollar bubble has burst.

Letters to the Editor

When workers are owners

From Mr P. Derrick

Sir,—The Government expresses concern about small shopkeepers; yet proposes to allow the big chains to open on Sundays to provide even tougher competition. The Government also says that it wants to encourage small enterprise and to extend ownership; yet it imposes vicious tax discrimination against workers' co-operatives where the workers are also the owners and which it says that it wants to encourage.

In 1978 a Labour Government with Liberal support enabled companies to issue bonus shares to their employees free of personal tax and with *a* corresponding reduction in corporation tax to encourage employees to identify with the companies for which they work. The tax concession was later extended by the Conservatives but for some reason which the Treasury appears unable to explain workers' co-operatives were excluded from it.

It *recognises that a workers'* co-operative provides its members with a powerful incentive to identify with an enterprise that they own in spite of its shares being redeemable and a particularly direct incentive in that profits are shared in proportion to work contributed; yet it excludes workers' co-operatives from the tax concession. If a company wishes to share its profits with its employees int he co-operative way in proportion to work contributed by converting to a co-operative basis it is excluded from this tax concession. Why this vicious discrimination?

Paul Derrick.
30 Wandsworth Bridge Road, London, SW6.

Human rights in the Soviet bloc

From Mr G. J. Ling

Sir,—Your leader, "Human rights in the Soviet bloc" (May 20), is to be welcomed for its realistic approach to the use of economic sanctions as a tool of Western governments to further the cause of individual liberty in Eastern Europe. You are right to state that such actions are mere "gestures of disapproval." Historical experience indicates that this form of "persuasion" in inter-state relations is too difficult to apply to be truly effective.

Economic factors do play a part in encouraging governments to "liberalise" their social policies, particularly when it is recognised that such policies are damaging to the *financial well-being of the state.* Recent reforms in the ownership policies of certain Soviet bloc countries are evidence of this.

Real change, however, in the repressive policies of the totalitarian regimes of Eastern Europe, will come about only through international opprobrium, similar to that which has afflicted the authoritarian *and racist government of South* Africa. It is not insignificant that the South African economy places greater emphasis on private ownership than the economies of the Eastern bloc and that reporting restricttions on foreign correspondents in South Africa are relatively less stringent. Both these factors make it easier for the opponents of the regime to gather information which supports allegations of human rights violations.

Greater vigilance by the governments of free world, internal economic pressures and advances in communication technology which make it near impossible for East European states to determine what information reaches the West, wi'l in turn make it more difficult for these states to ignore the human rights of their citizens.

Gary J. Ling,
Research Officer,
Internattional Society for Human Rights (British Section),
27, Old Gloucester Street, WCI.

Divided legal profession

From Mr N. Ley

Sir,—I read with interest (*May* 16) your comments about the Bar. If solicitors could appear in all courts, the Bar would allow themselves to accept instructions direct from the lay client in all case, instead of the present rule that, save for dock briefs, they can only appear in court if they have been briefed by a solicitor. In other words there would be fusion. If past experience is anything to go by this would increase costs. In 1967 solicitors were allowed to do their own undefended divorces; but if they did the work which previously had to be done by the Bar, they were only remunerated at the same legal aid rates as the Bar. So they threatened a boycott of divorces on the grounds that these (barristers') rates were totally uneconomic. (If my memory serves me right, in *1971 if a* barrister spent all day at Court (5 hours) to do his divorce he would get 14 gns; while a solicitor would want 5 times his hourly rate of £15-20 per hour).

At the moment any body (*with the aid of legal aid*) can get a barrister. So if a person was suing a drug company his solicitors just look up in the reports the names of counsel used by drug companies in other cases and brief one of them. Under fusion all those top barristers will go into partnership with City firms of solicitors. None of those firms do legal aid work. The maximum *refresher* for a non-QC on legal aid in the Crown Court is (save in special circumstances) £120 per diem—; while a City solicitor would (including his mark up) charge more than that amount per hour.

At the moment a provincial solicitor can brief a barrister. So if his best conveyancing client gets done for drunken driving, *he* will brief counsel to appear on his behalf. If there were no barristers, the solicitor would have a choice; to tell his client to go to a firm that does that type of work and risk losing all his future conveyancing work to this other firm, or have a go at something that *he* knows nothing about and make a complete mess of it. American experience leads me to believe that the latter will happen.

The major complaint of solicitors is that briefs are changed between barristers at the last moment. At least there will be in court a barrister from the same chambers where they all do the work in question.

To sum up:— those who want *full rights of audience* for solicitors are in fact advocating a system where legal aid will no longer enable a person to get a first rate lawyer, where litigants will get lawyers who have never done that type of work before, and where (if the experience of 1967 is repeated) the costs of litigation will increase.

Nigel Ley.
2, Temple Gardens,
E.C.4.

Formal milk poll

From the Deputy Chief Executive, Milk Marketing Board

Sir,—A report in your issue of May 15 referred to a current poll, among milk producers in England and Wales, on a proposed change in the Milk Marketing Board's voting and elec*toral system. It was implied* by the Farmers' Union of Wales that the Board has deliberately put the question in an "incomprehensible and misleading" way.

May I make it clear that this is a formal poll, being conducted not by the Board but by an independent returning officer appointed by the Minister of Agriculture. The rules for the conduct of such polls, including the form of the voting papers, are laid down in the Agricultural Marketing Acts and other legislation. The Board itself has no say in the procedures or in how the question is put.

As an organisation run by milk producers, for milk producers, the Milk Marketing Board's position on the voting question is completely neutral. The Board will happily accept the majority wish of its producers. Any suggestion that, on this or any other issue, the *Board* has favoured the large producer over the small producer is entirely without foundation.

Peter Jackson.
Thames Ditton, Surrey.

Neither true nor false

From Mr C. Glover

Sir,—Whether or not the City takes a short term view will doubtless remain a perennial bone of contention. One thing is certain, however; invoking the efficient market hypothesis (EMH) will confuse rather than clarify the issues. It may come as a *surprise* to Mr Damant (May 20) that rational, intelligent industrialists (and market participants, too) demonstrate frank disbelief when confronted with this theory, but it will be a perfectly logical reaction for *most* people.

The EMH assertion that share prices "fully reflect" all available information is an unrestricted generalised hypothesis which in the nature of things cannot be proved — or dis*proved. To prove it for an* individual share, let alone share prices generally, would entail identifying every piece of information relevant to an appraisal of the company — products, market share, labour force, *plant and machinery,* premises, cash flow characteristics et al — and a similar exercise for all comparable companies. It would then be necessary to prove that every "piece" of information has had an impact on the share price and that the impact was no more nor less than it "ought" to have been, ie, that the information was "fully" reflected in the share price.

But just as the proponents of the EMH cannot prove their hypothesis empirically nor can the industrialist and the investment practitioner disprove it since they are set the same Herculean task. This is doubtless one of the main reasons for the incomprehension between practitioner and theoretician with regard to EMH.

According to Sir Karl Pepper, the philosopher of science, the hallmark of a scientific hypothesis is falsifiability. The EMH is an unscientific hypothesis. In a fundamental sense, therefore, it is neither true nor false but simply meaningless.

Christopher G. Glover.
2-3, Cursitor Street, EC4.

FINANCIAL TIMES

Thursday May 23 1985

UK rates 'likely to stay at high level'

By Max Wilkinson in London

BRITISH interest rates are likely to remain close to present high levels for some time, because of excessive growth of the money supply, a senior Bank of England official said yesterday.

Mr Tony Coleby, assistant director of the Bank, told a parliamentary committee that part of the reason for the 4½ percentage point rise in interest rates in January was that, in terms of the money supply objectives, "the situation was not under control."

The rise in rates was intended to bring monetary growth back on target, but he said: "We have not yet got any convincing evidence that that has been achieved."

He added: "Until we have got more convincing evidence that domestic monetary conditions have been brought back under control, we are bound to be rather reserved about the pace at which interest rates might come down."

This was the strongest statement yet of the authorities' concern about the implications of the latest money supply figures published last week. They showed that sterling M3, the broad measure of money which includes bank deposits, rose at an annual rate of 19 per cent in the three months to April, more than twice the maximum permitted increase for the year as a whole.

Mr Coleby was giving evidence to a Treasury and Civil Service subcommittee on the subject of the European Monetary System.

He said the authorities policy response to the monetary expansion and steep fall of the exchange rate in January might not have needed to be so severe if the pound had been in the exchange rate mechanism (ERM) of the EMS.

On the "most optimistic" assumption that the markets had believed the authorities were determined to keep sterling within a permitted band in the ERM, he thought the rise in interest rates "might not have needed to be so large."

The rise would probably have come earlier, and could have been reversed sooner, he said.

Earlier, Mr Michael Balfour, also an assistant director at the Bank, told the committee that he thought the pound was overvalued against the D-Mark at the present rate of DM 3.9.

However, in answers to questions he pointed out that sterling had moved by about 10 per cent against the German currency since the beginning of the year. He did not necessarily believe sterling had been overvalued at its lowest rate of around DM 3.50.

Economic Viewpoint, Page 27

Strasbourg MPs win key judgment

Continued from Page 1

al period of 12 years after its signature in 1957, the court said.

The court did not adopt the proposal of the Dutch Government that it should transform freedom of transport services from a Treaty objective into directly applicable law, enforceable in national courts. It has, therefore, stopped short of giving the European Parliament legislative powers by the back door.

Yesterday's judgment is moral victory for the European Parliament but impossible to enforce. The council has been told that it is its duty to agree but it can hardly be made to do so.

The council remains free to deal with most of the 14 pending specific transport policy proposals of the Commission as it pleases.

The Commission's proposals of two "observation systems," one for the cross-border movement of goods by road, rail and inland waterways within the Community and the other for traffic with certain third countries, can now be written off as total losses.

Britain releases Thai aid in bid to win bus deal

BY CHRISTIAN TYLER, TRADE EDITOR, IN LONDON

BRITISH ministers have approved the release of aid money to Thailand to help a UK consortium led by Leyland Bus to clinch a £365m ($462m) contract in Bangkok.

The Thais have been told that Britain will match an offer made unexpectedly last month by Mr Wilfried Martens, the Belgian Prime Minister, in support of rival bidders Van Hool, an early front-runner for the big project.

The exact amount of money that would come from the UK's aid and trade provision is not known, but it is likely to be less than £20m ($25.3m).

The Belgian offer is reported to be an interest-free loan of more than BFr 1bn ($16.4m) at current rates, plus an aid grant for training purposes of BFr 300m.

Early in the bidding the countries with manufacturers represented in the race agreed not to offer aid to help their exporters. Belgium's breaking of ranks allowed Britain to follow suit without infringing its declared policy of matching, but not initiating soft finance for overseas projects.

The decision, possibly taken at Cabinet level, could remove one of the remaining hurdles that the British consortium must clear before the contract is signed to reorganise and re-equip Bangkok's overstretched bus service.

Among the hurdles are the need for a Thai Government guarantee to underpin an internationally syndicated loan to finance the much indebted Bangkok Mass Transit Authority.

If approved by the Thai Cabinet and successfully negotiated, the deal would be one of the biggest export orders ever won by British companies.

Mr Paul Channon, Britain's Trade Minister, is planning to visit Thailand at the end of next month as part of an Asian tour for what some see as a belated gesture of support for the UK companies.

Civil servants in London were at pains yesterday to maintain that Britain was acting in self-defence by dipping into the aid budget for Thailand.

One senior official said it was a clear case of British companies winning a race on merit and then being "undermined by predatory financing."

Officials seemed anxious to demonstrate that Britain was playing by the book, in the wake of strong ministerial criticism of Japan for offering soft loans to Turkey for the building of a second Bosporus bridge.

Informal rules of the Organisation for Economic Co-operation and Development say that tied aid is only fair if the aid covers at least 25 per cent of the cost of the project. In the case of the Bangkok buses that would imply a far bigger grant than Belgium and Britain are offering.

But one view taken in London is that the 25 per cent rule can no longer hold when one party has already broken the rules of the game.

The British consortium consists of Leyland Bus, part of BL's Land Rover-Leyland commercial vehicles division; the National Bus Company, also state-owned; and MVA Consultants.

Its proposal is to supply 4,500 buses, including 1,850 double-deckers, build 24 bus depots and provide training and management reorganisation.

Ozal defends Bosporus decision, Page 5

Volvo plans to sell its shares over the post office counter

BY KEVIN DONE, NORDIC CORRESPONDENT, IN GOTHENBURG

VOLVO is to take the unprecedented step of promoting the sale of its shares across the counter at Sweden's 2,200 post offices.

The group is already the most widely owned Swedish corporation with around 160,000 shareholders, but the total has stagnated in recent years and the group is anxious to promote the Volvo stock as a "people's share" in Sweden.

Mr Pehr Gyllenhammar, Volvo's chairman, said the new system would be cheaper for the investor than buying shares through a bank or a broker, especially in small amounts.

"I have always said it would be good to be able to buy Volvo shares at the corner tobacconist," said Mr Gyllenhammar. "People bet on the pools there and spend a lot of money. We will have a national distribution network of 2,200 post offices as well as 2,700 rural postmen selling Volvo shares."

The scheme will begin on June 5 and potential share buyers will be able to invest even in small amounts, buying only part of a single share.

Individual share accounts will be administered by PKbanken, the state-owned commercial bank, which is closely allied with the Swedish Post Office. Dividend payments will be directly invested in the purchase of further shares.

Costs under the scheme, the Postal Share Service, include an initial SKr 25 ($2.82) fee to open a share saving account, with a 3 per cent commission on amounts invested under SKr 2,000 and 1 per cent above this level.

Once the initial application and the share purchase is made, the postal investor will receive a share ownership receipt and account number.

Share purchases will be made on a monthly basis through the stock exchange by PKbanken. The bank will administer dividend payments, new share issues and similar matters for shareholders.

Cash from the sale of shares can be received immediately across the counter or from rural postmen.

Mr Bertil Zachrisson, head of the post office, said the new system would make owning shares as easy as saving in a bank account.

British stores group faces £492m bid

Continued from Page 1

cash for every five ordinary Debenhams shares. The new shares represent 31.8 per cent of Burton's expanded share capital. Burton owns a 0.7 per cent stake in Debenhams, while Habitat/Mothercare, advised by Morgan Grenfell, does not own any Debenham's shares.

Burton has been in talks for three weeks with Habitat/Mothercare which, itself, tried to reach an agreed merger with Debenhams in January. Last week, however, Burton said it did not believe that the stores group was worth its then market capitalisation of £450m.

The apparent discrepancy between that statement to the Stock Exchange and yesterday's bid was defended by Burton's advisers, S.G. Warburg. Mr Derek Higgs, a Warburg director, said that the precise nature of Habitat Mothercare's involvement was only agreed early yesterday morning.

Mr Ralph Halpern, Burton's chairman, and Sir Terence Conran, chairman of Habitat/Mothercare, said their groups enjoyed complementary styles in fashion that might transform Debenhams' stores.

"By our standards, Debenhams' performance has been a disaster," said Mr Halpern. He said the store group's profits and dividends had grown "at a snail's pace," over the past five years.

The new partners intend to introduce a new concept in Debenhams' stores called "the Galleria format." It will concentrate on style in clothing and homewear, with Burton aiming to capture more customers in the 25 to 35 age group. At present, it has a higher market share in the 15 to 25 years age group.

Both Sir Terence and Mr Halpern said they hoped to co-operate with Harris Queensway, the electricals and furnishing retailer, which occupies store space under a joint venture with Debenhams.

Harris Queensway said it had no intention of becoming involved in the bid battle. "We are not department stores people, we are specialist retailers," said Mr Peter Davis, the deputy chairman. "I am satisfied that our joint venture companies are well protected." Harris Queensway shares closed last night at 238p, up 12p on the day.

	Burton group	Debenhams	Habitat/ Mothercare
Year to:	1/9/84	31/1/85	25/3/84
Turnover	£415.9m	£728.8m	£375.4m
Pre-tax profits	£56.4m	£40.7m	£30.6m
Total Stores	957	69	521**
Sales area:	2.3m sq.ft.*	4.5m sq.ft.	2.9m sq.f.*

* FT estimate
** Excluding Richard Shops

Ohio clears takeover of thrifts

By Terry Dodsworth in New York

THE Ohio legislature has finally cleared the way to allow two of the large New York banking groups to take over ailing thrift institutions in the state, thus effectively bringing the crisis in the region's savings bank industry to an end.

The Senate passed a bill allowing the entry of Chemical Bank and Chase Manhattan to the local market only by a wafer-thin 17-16 vote. Intense pressure was brought on legislators by depositors in the Ohio thrifts who were alarmed by a previous senate decision against the New York banks.

As a result of the decision, Chemical will acquire Home State Savings and Loan of Cincinnati, the savings bank at the centre of the crisis which led to the closure of thrifts across the state for several days in March. The state will provide up to $125.3m to facilitate the takeover by meeting losses

Chase has already purchased two thrifts and has agreed to acquire another four.

Both the New York banks will be allowed to turn the thrifts they have acquired into fully fledged commercial banks. As a result they have gained entry to a market which has excluded banks from outside the state in the past.

Chemical is to reopen all 33 of Home State's branches

● Reuter adds: Chemical Bank named Mr William Duncan, formerly senior vice-president in charge of worldwide consumer lending, to the post of president of the newly formed Chemical Bank Ohio unit.

Trade and inflation setback for Paris

By David Housego in Paris

THE FRENCH Government's claims of success for its austerity measures are being put under strain by the continuing run of poor trade and inflation figures.

The announcement that the seasonally adjusted trade deficit for April rose to FFr 4.2bn ($449m), gives a cumulative deficit for the first four months of FFr 15.1bn. This compares with a revised deficit of FFr 25bn for 1984 and a government objective of bringing the trade account back into balance by the end of this year. Unofficial forecasts for the current account, which the Government had hoped would be back in surplus this year, now vary from equilibrium to a deficit of FFr 10bn.

At the same time, a 0.7 per cent increase in the consumer price index in April resulted in a quickening of the year-on-year inflation rate to 7.8 per cent over the February to April period.

Both the Government and the foreign exchange markets are now anxiously waiting for the May trade and inflation figures to see whether the setback of the first four months was due to exceptional factors, such as the cold spell and the rebuilding of oil stocks, or whether it reflects a more worrying trend.

So far, there has been no impact on the franc, which is being sustained within the EMS by high real interest rates in France and by the continuing strength of the dollar. But forecasts of a fresh devaluation, either in the second half of this year or after the March 1986 elections, have recently sprung from such divergent quarters as the Deutsche Bank and Ipecode, the private French forecasting unit.

Reflecting the waning competitiveness of the franc, exports in nominal terms have remained virtually stagnant since the summer at about FFr 75bn a month.

M Pierre Bérégovoy, the French Finance Minister, attempted last week to give a psychological boost to the franc by announcing that France would repay from its reserves $600m of its foreign debt. But the measure has been criticised in monetary circles as risky because the reserves have been built up through inward, speculative flows of capital, rather than through a surplus on France's current account.

The more disappointing trade and inflation performance thus reinforce the prudence of the Bank of France in responding to pressure from M Bérégovoy to lower French interest rates further. The Bank is worried that even with rates falling elsewhere, too hasty a move below the psychological 10 per cent threshold could put pressure on the franc.

Government strategy had been based on bringing inflation and the trade account under control in the first half of the year, before the impact of tax cuts begins to swell consumer purchasing power in the autumn. The increase in household incomes, projected in the budget, could add to the import bill later in the year unless a fall in the dollar substantially reduces import prices.

The FFr 4.2bn seasonally adjusted deficit in April was the result of a 2.2 per cent drop in exports from the previous month to FFr 77.6bn and a 2.2 per cent rise in imports to FFr 81.8bn. A major adverse factor was a jump in the energy deficit to FFr 19.3bn from a monthly average of FFr 15.6bn in 1984.

The average FFr 4bn deficit for the first four months is close to the average figure for the same period in 1984, which was then followed by a sharp improvement. The Government is clearly hoping that the same pattern will be repeated this year – especially as the figures should be boosted by Airbus sales.

THE LEX COLUMN

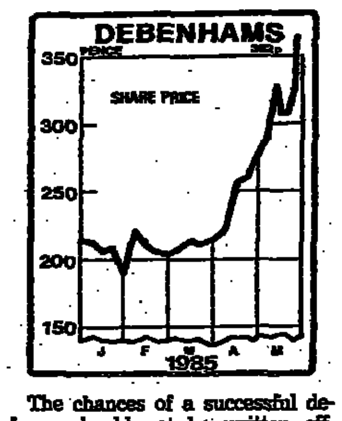
Burton plays to the Galleria

The City has rarely been so convinced of anything as that Burton would eventually produce an offer for Debenhams. On Monday most people in the equity market were prepared to put their money behind Wednesday morning and 325p a share – and they were right. Now that the bid is on the table it surely qualifies as one of the worst kept secrets in the history of corporate finance.

But there is one ingredient in the proposed offer which had been kept well under cover; the participation of Sir Terence Conran and Habitat/Mothercare, in something only one step away from a consortium bid. Habitat is bringing to the deal an intriguing idea, the so-called "Galleria concept," which looks as if it could translate the successes of these two specialist retailers into the department stores, opening up dead space on upper floors and using the highly focused marketing style of their existing chains to dramatise the goods on offer.

It seems fair to assume that even without the Habitat involvement, Burton would have been thinking along similar lines, having already peopled some larger trading sites with families of its various Burton chains – Top Shop, Perkins, Top Man and so on. But the Conran presence could save Burton the trouble of getting to grips with house-wares, and bring in an acknowledged flair in store design, to give coherence to the whole theatrical production.

All the same, it was surely the unexpected opportunity to back the market's two most glamorous retailers at once which made the offer go down so well. Underwriting the cash element in the offer presented no difficulty at all – scarcely surprising, given a market reaction which put 44p on the Burton share price, to 502p, and raised the value of Burton's bid to 351p per Debenhams share. On existing market forecasts for both bidder and quarry, there should be no dilution of Burton's earnings next year should it win control. And although Habitat's financial involvement is at present restricted to an option on 20 per cent of Debenhams (exercisable next year), its shares were some 6 per cent higher on the news. Even Harris Queensway, whose contractual position with Debenhams and attitude to the offer remain unclear, was a beneficiary – up 12p to 238p.



The chances of a successful defence should not be written off. Debenhams' management has had a long time to prepare itself, and has talked of mounting a buyout at a price £100m higher than the current proposition that the City wants to buy.

Bass & Whitbread

Bass has for so long presented the impression of effortless sovereignty that it is no surprise to see it earning as much for its shareholders in six months as Whitbread does in a year. Yet yesterday's market responded perversely to their trading results, marking Bass down 4p and Whitbread up 8p; and even allowing for different year ends, the two stocks are rated not far apart on future earnings.

At a time when the beer sector could not be less fashionable, both groups have sailed through a flat market on the strength of their lager brands, which now take up over 40 per cent of their production. Yet even here Bass retains the edge. While Whitbread in the second half to March had to struggle to regain market share lost partly through the closure of Luton brewery, Bass managed to increase its trading margin and market share once again in the six months to April.

Bass cannot go on adding market share to its present 21 per cent indefinitely, while its scope for cost-cutting – having started earlier than Whitbread – is correspondingly limited. Bass remains as highly geared to the beer market as the smallest regional since its habitual caution has restrained diversification into leisure, let alone the U.S. The bad weather that spoiled the National Hunt season for Coral's and difficulties with amusement machines merely pointed up the excellent performance by Whitbread's retailing division.

With a heavy cash overhang from last year depressing interest payments to a mere £7m in the half, Bass is clearly eying a U.S. acquisition. But it is likely to be more cautious than Whitbread, whose purchase of Buckingham merely freed an employee to remove two brands. Equally Bass is so skilled at marginal investment that it is a sure bet to profit if and when flexible licensing hours open opportunities for parts of its estate.

Shell

The ebb and flow of currencies in the first quarter of this year left some of Shell's divisions dry but others quite submerged. Historic cost net income (£1.08bn) was higher than expected through stock values swelled by the strong dollar, while the replacement cost result of £922m was slightly disappointing. Trading results from everything but mining were encouraging, yet a weaker dollar led to currency losses of £102m. Mildly confused, the market decided to play safe, leaving Royal Dutch shares unchanged, but marking Shell Transport and Trading down 5p to 715p.

Upstream, Shell was helped not just by the dollar, but also by the freezing European winter – gas sales volumes rose 14 per cent outside North America. With slightly firmer gas prices, the first full-quarter contributions from Danish and Australian gas, and higher equity crude production, exploration and production earnings were up 28 per cent to £947m. Downstream, Shell, like BP, benefited from a weaker dollar in March, and margins are continuing to improve. In chemicals, prices are being squeezed – but there remains a real black spot in mining, which threw up a £50m write-off, mainly for closure costs, and a £26m trading loss.

The metals picture looks no less grim for the rest of the year, with not a glint of firmer prices. Nor are chemicals likely to match their bumper performance of 1984 unless the dollar soars again. Even though oil production will be stronger this year, the prospect for prices is so uncertain that Shell's shares – along with its competitors' – are unlikely to do much more than move sideways.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Dubrovnik	S	25	77	Malaga	F	20	68	Salzburg	R	12	54
Akrotiri	S	27	81	Faro	S	18	64	Malta	S	23	73	Seoul	S	24	75
Algiers	S	27	81	Florence	F	21	70	Manila	-	—	—	Singapore	F	30	86
Amsterdam	C	10	50	Frankfurt	C	16	61	Miami	-	—	—	Stockholm	F	19	66
Athens	-	—	—	Funchal	C	18	64	Milan	F	20	68	Strasbourg	F	16	61
Bahrain	S	37	99	Geneva	C	13	55	Moscow	C	9	48	Sydney	S	18	64
Bangkok	-	—	—	Gibraltar	S	20	68	Munich	R	10	50	Taipei	-	—	—
Barcelona	S	18	64	Guernsey	C	13	55	Nairobi	F	23	73	Tangier	F	20	68
Beirut	-	—	—	Helsinki	R	5	41	Naples	S	24	75	Tehran	-	—	—
Belgrade	S	23	73	H. Kong	S	29	84	New Delhi	-	—	—	Tel Aviv	S	28	82
Berlin	F	22	72	Innsbruck	R	9	48	New York	-	—	—	Tenerife	-	—	—
Biarritz	F	17	63	Inverness	C	9	48	Nice	S	20	68	Tokyo	F	20	68
Blackpool	C	10	50	Istanbul	S	28	82	Oporto	S	15	59	Toronto	-	—	—
Bordeaux	C	17	63	Jersey	Fg	11	52	Oslo	F	17	63	Tunis	S	25	77
Brussels	F	15	59	Jo'burg	S	19	66	Paris	T	13	55	Valencia	C	19	66
Budapest	C	19	66	Las Palmas	F	23	73	Prague	F	19	66	Venice	C	19	66
B. Aires	-	—	—	Lima	-	—	—	Reykjavik	S	13	55	Vienna	C	19	66
Cairo	-	—	—	Lisbon	C	17	63	Rio de J'o	-	—	—	Warsaw	C	18	64
Cape Town	F	19	66	Locarno	F	21	70	Rome	S	21	70	Zurich	R	10	50
Caracas	-	—	—	London	C	14	57								
Casablanca	S	19	66	Los Angeles	-	—	—								
Copenhagen	S	15	59	Luxembourg	C	12	54								
Corfu	-	—	—	Madrid	F	22	72								
Dublin	C	12	54	Majorca	S	23	73								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

General Dynamics chairman quits

Continued from Page 1

namics will continue to serve our country, its allies and other customers."

Key events leading up to yesterday's developments included:

● February 28: David S. Lewis, General Dynamics' chairman, goes face to face with some of the company's critics in a fiery congressional hearing. Claims the company is being "badly maligned by forces beyond our control." Says the company is not guilty of any wrongdoing;

● March 5: Caspar Weinberger, U.S. Defence Secretary, suspends all administrative payments to GD for 30 days while allegations of billing irregularities are investigated;

● March 25: Mr Lewis says GD will voluntarily reduce its overhead claims by $23m;

● April 3: Congressional investigators claim GD kept "two sets of books" in the 1970s to disguise submarine cost overruns. The company vigorously denies the allegation;

● April 4: Pentagon auditors accuse GD of overcharging a total of $244m on military contracts over the past decade;

● April 5: Pentagon extends payment freeze and withholds $124m as part of scheme to recoup the alleged overcharges;

● April 18: GD describes bribery allegations made by P. Takis Veliotis, a fugitive former senior GD executive at the centre of a series of allegations against the company, as "malicious and libellous";

● May 21: John Lehman, Navy Secretary, bans two major GD divisions from new contracts as part of a string of economic sanctions against the company;

● May 22: GD announces Mr Lewis will step down as chairman before next year and will be replaced by Mr Stanley Pace.

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SECTION II – COMPANIES & CAPITAL MARKETS

FINANCIAL TIMES

Thursday May 23 1985

WestLB starts year strongly

By John Davies in Frankfurt

WESTDEUTSCHE Landesbank (WestLB), West Germany's largest publicly owned bank, expects its operating earnings to provide another sturdy performance this year.

It also believes it will no longer be burdened by losses and risks at Deutsche Anlagen-Leasing (DAL), the troubled leasing concern in which it is the largest single shareholder.

WestLB began this year strongly with its group operating profits, including the result of trading on its own account, reaching DM 314m ($104m) in the first quarter, up 10 per cent on the same period last year.

Herr Friedel Neuber, the chief executive, said that even on a cautious assessment of interest rates and economic trends, operating profits this year should be very close to the high results of the last two years.

WestLB made group operating profits of DM 1.32bn last year, compared with DM 1.4bn in 1983, but again omitted a dividend because of high provisions for risks. The group's risk provisions and write-offs amounted to DM 1.1bn last year on top of DM 1.2bn in 1983.

The bank last paid a dividend to its shareholders – the state government, savings banks and other public authorities in North Rhine Westphalia – on its 1979 results.

Herr Neuber said that WestLB's total risk provisions for DAL, including new provisions made last year, amounted to more than DM 800m. The bank believed now it had covered all foreseeable risks arising from DAL, in which it has a 30 per cent stake.

WestLB's group assets rose 4.2 per cent to DM 141.5bn last year.

Crocker clears Midland plan

By Our Financial Staff

SHAREHOLDERS in Crocker National, the West Coast U.S. bank, have approved a proposal for Midland Bank of the UK to acquire the 43 per cent it does not already own.

Midland's shareholders are to vote on the proposal in London today. Midland has held a majority stake in Crocker since 1981.

Under the terms, Crocker shareholders will receive 0.54 Crocker preferred shares for each Crocker share held.

William Hall in Los Angeles looks at how T. Boone Pickens met his match

Unocal celebrates victory without champagne

FIRST TIME visitors to Unocal's headquarters in downtown Los Angeles are left in little doubt about who has been running the company for the last couple of decades.

In the lobby, filled with plaques, paintings and oil industry memorabilia, commemorating great moments in the company's 95-year history, one name stands out, that of Mr Fred Hartley, Unocal's 68 year old chief executive.

Whether he is shaking the hand of some long forgotten foreign potentate at the opening of a Unocal refinery overseas or dedicating an extension to the company's Fred L. Hartley research centre, there is no doubt who has been calling the shots at America's 12th biggest oil company for the last 20 years.

This week's defeat of Mr T. Boone Pickens, probably the most feared corporate raider on Wall Street, who had been plotting to take over Unocal, is being hailed as one of Fred Hartley's finer moments.

He could be forgiven, argue some of his admirers, if he added Boone Pickens's scalp to his list of trophies in Unocal's lobby. It has been a bitter and bruising battle.

Mr Hartley has always been regarded as one of the tougher leaders of the U.S. oil industry. But his stature within the more conservative parts of the industry has grown enormously during the three-month battle for control of his company.

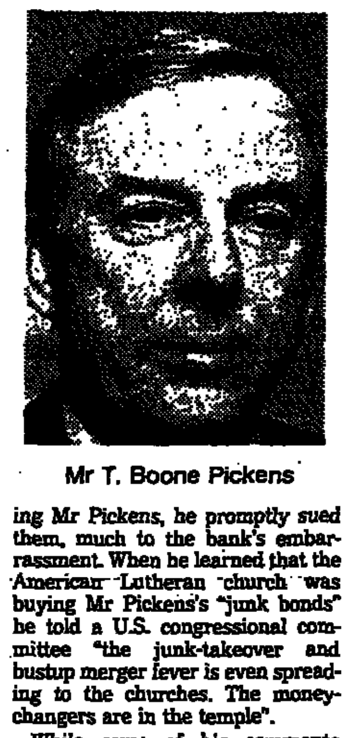
For the first time since the recent takeover wave hit the oil patch, a major U.S. oil company has shown that it is possible, with a little outside help, to stand up and defeat a determined corporate raider. This has done wonders for morale within the oil industry where Mr Pickens's name is anathema.

Unlike other recent oil industry takeover battles where the oil men have been reluctant to challenge Mr Pickens's well oiled publicity machine, Mr Hartley has stood his ground and fought hard, and sometimes dirty, to demolish Mr Pickens's attractive short-term financial arguments.

He was helped by the fact that Unocal's performance over the medium term has been better than most. Its shareholders have received an average annual rate of return – including stock appreciation and dividends – of 15 per cent over the last 25 years. By contrast, shareholders in the four big international U.S. oil companies received an average 11 per cent return on their investment.

Nevertheless, this sort of performance was not enough to maintain the support of Unocal's fickle institutional shareholders, who have done very well by riding on Mr Pickens's coat tails during his pursuit of companies like Gulf Oil, Philips Petroleum and Cities Services.

Mr Hartley started as the underdog in the contest, but he has been quick to exploit his advantages. When he found out that Security Pacific, his main banker, was backing Mr Pickens, he promptly sued them, much to the bank's embarrassment. When he learned that the American Lutheran church was buying Mr Pickens's "junk bonds" he told a U.S. congressional committee "the junk-takeover and bustup merger fever is even spreading to the churches. The money-changers are in the temple".



Mr T. Boone Pickens

While some of his comments were wide of the mark, it is clear that some had hit home. Many banks are showing growing reluctance to support Mr Pickens, as are a growing number of institutional buyers of "junk bonds." Even before last week's surprise Delaware court decision, the tide was beginning to turn against corporate raiders like Mr Pickens.

The Delaware decision, supporting Unocal's right to exclude Mr Pickens from participating in its buyback of around a third of its shares, was a cruel blow for Mr Pickens, who likened it to having bulldozers clear the playing field during the middle of a game.

"We had players on the field when they brought the bulldozers in" said Mr Pickens earlier this week. "Until then it was a very good contest."

Within hours of last Friday's court decision Mr Pickens was suing for peace. If Unocal had gone ahead and excluded all 23.7m of Mr Pickens's Unocal shares from its buyback offer Mr Pickens would have faced an immediate paper loss of around $300m on his $1.1bn investment in Unocal.

In the event, Unocal has agreed to buy back a third of Mr Pickens's shares for $72 per share in return for his agreeing to a 25-year "standstill" agreement on future takeovers and tough conditions on how he can dispose of his 13.8 per cent stake in the company.

Following Unocal's decision to go ahead with its offer to buy back slightly more than a third of its shares from the rest of Unocal's shareholders the price of the remaining shares dropped by more than $10.

Mr Pickens says that he is about breaking even on his investment in Unocal, which cost an average $48 per share but admits that a lot will depend on how Unocal's share price moves over the next year when he is effectively locked into the company.

He will receive $19.2m in dividends on his remaining 16m Unocal shares but this is far less than the estimated $75m a year financing costs.

Analysts believe that Mr Pickens could lose close to $100m on his abortive bid for Unocal. And while the losses are high, the biggest setback for Mr Pickens is the damage it has done to his reputation on Wall Street, where he appeared able at one stage to raise billions of dollars at very short notice.

Wall Street and its lawyers are still mulling the implications of the Delaware decision. The majority view is that it is an important setback for Mr Pickens and his ilk, but, as one influential money manager warned, it would be dangerous to write the obituaries of the corporate raiders on the basis of that decision, which is very specific to Unocal. "Their ingenuity is legendary," he said.

Back in Los Angeles, some oil industry leaders are lavishing praise on Mr Hartley. Dr Armand Hammer, the 86-year-old chief executive of Occidental Petroleum, told his company's annual meeting on Tuesday that Mr Hartley "deserves a Nobel Prize for his courage and determination to ward off an attack by raiders. This will send a signal to all future raiders."

But as the dust settles, oil industry chiefs believe that the only real winner in this contest was the combative Mr Hartley who gambled his company to stay independent.

It has not gone unnoticed that Dillon Read and Goldman Sachs, Unocal's advisers, stand to make $25m in fees for ensuring that Unocal remains independent. If it had been taken over they would have earned considerably less.

Mr Craig Schwerdt, a Los Angeles oil analyst, describes it as "a victory without the champagne." The company was forced to do many of the things it said it would never do to stay independent. It will have to borrow an extra $4bn and its financial gearing will change from one of the most conservative in the industry to one of the most aggressive, with shareholder's funds of less than $2bn supporting long-term debt of close to $5bn.

It has been forced to distribute some of its most attractive properties to its shareholders and it will have to sell assets if it wishes to remain viable. Unlike Atlantic Richfield, which decided to restructure itself voluntarily, Unocal has been forced to restructure itself under duress. Like Phillips Petroleum, which suffered a similar fate in its bid to stay independent, Unocal's long-term financial flexibility has been seriously impaired. The only real winner seems to be Fred Hartley.

Pacific Telesis in $431m acquisition

By Paul Taylor in New York

PACIFIC Telesis (Pactel), the U.S. West Coast telecommunications group, is to acquire Communications Industries (CI), a leading Dallas-based cellular telephone and paging equipment manufacturer and system operator, for $431m.

It will be the first major acquisition by Pactel, one of the seven regional telephone holding companies set up as a result of the court-mandated break-up of the Bell System at the start of last year.

Pacific Telesis, which is earning a reputation as one of the most aggressive of the regional holding companies, already has extensive cellular and paging operations. Mr Sam Ginn, Pactel's vice-chairman, noted that CI "has an excellent management team and is a national leader in the rapidly growing field of paging and cellular technology, businesses we know well."

Under the terms of the deal, which is subject to regulatory and shareholder approval, CI's stockholders will receive $32.75 in cash for each outstanding common share.

In an apparent attempt to lock out other potential bids, CI has given Pactel a warrant to acquire a 30 per cent stake in the Dallas group and an option to acquire some of the group's paging and cellular assets. CI has recently received several takeover proposals, including a $396m cash and paper offer from a group of investors led by a former senior executive of the company.

Aside from its equipment manufacturing business, CI has more than 275,000 personal paging, car telephone and answering service subscribers in over 20 metropolitan areas and is one of the fastest growing groups in the infant cellular car telephone market. It had net earnings of $14.8m on revenues of $98.2m last year.

Pacific Telesis had earnings last year of $828.5m on revenues of $7.8bn and has undertaken a number of smaller strategic acquisitions recently, including the purchase of Kensington Datacom, the UK telecommunications group, earlier this year.

Uddeholm to pay first dividend for 10 years

BY DAVID BROWN IN STOCKHOLM

UDDEHOLM SWEDEN, one of the world's leading manufacturers of tooling steel, expects 1985 operating results of "well over" SKr 200m ($22.5m) and expects to pay a dividend for the first time in a decade, says Mr Sven-Ake Johansson, the president.

Uddeholm, currently the target of an SKr 3bn takeover bid by the AGA industrial gas group, has extensive liquid and other assets.

The group's hydropower holdings and tooling operations continued to generate higher profits in the wake of an extensive restructuring, and "significant improvements" are expected in net financial income, shareholders were told.

● Gambro, the world's leading manufacturer of kidney dialysis equipment, reports that turnover during the first four months declined by 17 per cent to SKr 500m.

Aegon lifts earnings 18%

BY OUR FINANCIAL STAFF

AEGON, the Dutch insurance group, reports an increase in first-quarter profits and reiterates its forecast of higher earnings for the whole of 1985.

Profits after tax for the quarter have risen by 18 per cent to Fl 69.1m ($20.3m) on a 12 per cent rise to Fl 3.1bn in total revenues, premiums plus investment income.

Revenues improved mostly as a result of the continued rapid development of group operations in North America, Aegon said.

Fiat rules out Ford Europe link this year

By Alan Friedman

FIAT, the leading Italian private sector group, will not sign any agreement with Ford this year.

Sig Giovanni Agnelli, the chairman, appeared to put an end to speculation that an agreement between Fiat Auto, the Fiat car subsidiary, and Ford Europe was close. The two companies have been discussing for several months possible methods of collaboration and even, it has been reported, the possibility of a merger.

Fiat yesterday confirmed Sig Agnelli's remarks but did not elaborate on them. Asked if an agreement would be signed this year, Sig Agnelli said: "No, absolutely. It is all at a stage of investigation and study. It is an interesting operation but, like all operations to integrate and reinforce productive capacity in Europe, difficult to put together."

Court overturns bank ruling

A U.S. court of appeals in Atlanta has overturned a landmark Federal Reserve Board ruling that permitted New York-based U.S. Trust Corp. to convert its trust office in Palm Beach, Florida, to a limited-service bank, AP-DJ reports from New York.

That ruling by the Fed, which had reluctantly agreed on technical grounds, had prompted a barrage of similar applications by institutions seeking to circumvent barriers to interstate banking.

The appeal was brought by the Florida Bankers Association and the Florida comptroller's office, which regulates banking activity in the state.

● Pillsbury, the U.S. fast foods group, is to buy Illinois-based Diversifoods for $11.50 a share, or $360m, edging out an earlier $369m cash-and-stock bid by Horn & Hardart, a store franchisee.

Diversifoods, the largest franchisee of Pillsbury's Burger King restaurants, said it found Pillsbury's all-cash offer more attractive because, among other things, it "guaranteed equal treatment" to shareholders.

● Financier Sir James Goldsmith told the Securities and Exchange Commission that his investment group had bought an additional 1.3m shares of Crown Zellerbach, the West Coast forest products concern.

The purchase raises Goldsmith's stake to 25.02 per cent of the outstanding Zellerbach stock from 20.08 per cent previously.

● ITT, the U.S. conglomerate, is to lay off about 800 workers out of 4,000 at its telephone and telephone system manufacturing and sales division based in Raleigh, North Carolina.

● Nestlé's Brazilian subsidiary, the country's largest food manufacturer, had a drop in profitability in 1984 with earnings of Cr 73.6bn (U.S.$40.2m at last year's average exchange rate) on sales of Cr 1.4 trillion (U.S.$775.9m).

INTERNATIONAL CAPITAL MARKETS

EEC $1.8bn deal flops

BY PETER MONTAGNON IN LONDON

THE EEC met a frosty reception when it launched a $1.8bn, five year floating rate note in the Eurobond market yesterday.

The paper landed in a subdued market with many dealers away in Helsinki for the annual meeting of the Association of International Bond Dealers. But that did not stop the launch of a much more successful DM 150m issue for the Bank of China, that country's first borrowing in the Eurobond market.

Bankers said the terms on the EEC issue were simply too tight to ensure a positive reception. The bond is to replace a similar issue launched by the EEC in 1983 as part of a package of financing for on-lending to France.

Led by Credit Suisse First Boston alongside Banque Nationale de Paris, Citicorp and Lloyds Bank International the new issue bears a margin of 1/16 per cent over the London interbank bid rate for six-month Eurodollar deposits. It was being offered to co-managers at a net purchase price of 99.925.

But the paper fell almost immediately below this break-even point to trade yesterday morning at a discount of some 25 basis points and even lead manager support in the afternoon failed to narrow the discount to more than 10 points.

Bankers believe that the tight terms on the new issue mean it will not appeal to bank buyers, who took large amounts of the previous issue with its margin of ⅛ per cent over Libor. That means its appeal is basically restricted to institutional investors, who will treat the paper as a high quality liquid money market investment.

But $1.8bn is a large amount for these investors to swallow, especially since the terms are tight, and some bankers were arguing yesterday that the paper could continue to move slowly even when market volume gets back to normal next week once the AIBD meeting is over.

The issue is part of a major restructuring of the EEC financing for France, which earlier this week announced that it plans to repay $600m of a parallel syndicated loan. Discussions on the refinancing of the remainder of this loan totalling $640m are now reportedly under way, with some bankers expecting that the EEC could opt to convert it into a cheap Euronote issuance facility.

In contrast, China's first Eurobond issue was a big success, partly due to its rarity value for investors and partly to the country's strong international credit rating. With net deposits of $14.3bn in Western banks, China is the biggest developing country net creditor of the international banking system.

The seven-year issue, led by Deutsche Bank, bears interest at 7 per cent and is priced at par. Undeterred by the unresolved problem of China's failure to redeem £81m in imperial bonds issued before World War II, investor demand yesterday pushed the price of the issue up to a premium of around 3/16 per cent.

New South Wales Government Insurance Office made its debut in the market with an A$40m, four year, 13¼ per cent issue at par led by Bankers Trust International and Kredietbank.

The EEC meanwhile confirmed yesterday that it is to launch an Ecu 50m, 10-year private placement in the Tokyo market.

In a slightly firmer Swiss market Ireland has been awarded a 5¼ per cent coupon as indicated for its 12-year SwFr100m public issue led by Swiss Bank Corporation.

International bond service, Page 30

Bulgaria taps Euromarket for $100m

By Peter Montagnon in London

BULGARIA yesterday launched a $100m credit in the Euromarkets, its first such borrowing since 1979.

It has mandated National Westminster and Moscow Narodny Bank to raise the funds on the basis of a margin over Eurocurrency rates of ⅜ per cent for the first four years and ½ per cent for the following three.

National Westminster said in a statement last night that the deal would be syndicated on a highly selective club basis with a limited number of banks.

Rumours of a possible loan for Bulgaria have been circulating in the Eurocredit market for several weeks

Most of these borrowings have been arranged on exceptionally fine terms, indicating that the East European bloc has now recovered from the payments problems which surfaced in the wake of the Polish debt crisis in 1981.

SBF Bank bond average

May 22		Previous
102.546		102.565
High	1985	Low
102.860		99.840

IMF to reopen Third World fund

BY OUR EUROMARKETS CORRESPONDENT

THE International Monetary Fund "will shortly reactivate" its SDR 3bn ($2.9bn) trust fund to provide low-interest loans to the poorest developing countries, Mr H. Onno Ruding, chairman of the IMF's Interim Committee said in London yesterday.

Serious developing country debt problems will remain part of the economic scene for some time and more attention must be paid to the plight of the poorest countries, especially in Africa, he told a Financial Times lunch for foreign bankers in London.

A decision to study the reactivation of the trust fund was taken at the recent Interim Committee meeting in Washington. The fund was created through sales of gold by the IMF under a programme agreed in 1975.

Final conditions under which lending from the trust fund will be resumed will not be agreed until the IMF's annual meeting in Seoul this autumn, monetary sources said, but fresh loans are likely to be made out of funds already repaid by borrowing countries.

There is no likelihood of further gold sales by the IMF to boost trust fund resources.

In an implicit admission that the industrialised countries have not yet fully responded to the problems of the developing country debt crisis, Mr Ruding, who is also Dutch Finance Minister, said a medium-term strategy was needed for both private and official creditors.

Creditors may soon catch up on the example set by commercial banks in providing multi-year reschedulings for debtor countries, he said. They also "have some thinking and explaining to do" on their attitudes to multilateral institutions such as the World Bank.

"Governments should realise that every budget dollar put in the World Bank makes about $10 available for loans to developing countries, and they should compare this with their bilateral programmes."

They should have little trouble defending a large share of multilateral aid within the total funds available, he said.

Other ingredients for a solution to the debt problem include progress in economic adjustment of both debtor and creditor countries

There should be no direct link making progress in the fight against protectionism conditional on monetary reform.

INTERNATIONAL COMPANIES and FINANCE

Icahn bids for Trans World

BY OUR NEW YORK STAFF

MR CARL ICAHN, the Wall Street investor, has launched a hostile takeover bid valued at $800m for Trans World Airlines, as reported in some later editions yesterday. He threatened a proxy battle to unseat the TWA board if his offer is rebuffed.

Mr Icahn, who has already built up a 24 per cent stake in the $3.7bn a year airline, offered $18 a share for the rest of TWA's common stock. The offer was made in a written proposal to the airline's board, which had no immediate comment.

The offer ends weeks of speculation over Mr Icahn's intentions – but appears to set the stage for a bitter takeover battle.

Mr Icahn appeared anxious to lay to rest concerns which have recently dogged similar hostile bids made by other Wall Street stock raiders.

Specifically, he said he was confident the cash offer would be fully funded and that he would not accept any greenmail pay-off. If successful, he expected to operate TWA in the long-term interests of the airline, its employees and the travelling public.

Mr Icahn said ACF Industries and other companies controlled by him would contribute $400m in cash towards the offer. He was "so confident" the remaining $200m could be obtained that he was willing to enter into a two-year standstill agreement should the financing not be available before the offer is put to shareholders.

In addition, he would not vote his shares in favour of the cash merger unless a majority of other stockholders voted to accept the offer.

But Mr Icahn also warned that, while he would prefer to reach agreement on a friendly takeover, he would seek to unseat the current board if it refused to put his bid to a shareholder vote.

UK commodity group faces mystery bid

BY MARTIN DICKSON IN LONDON

GILL & DUFFUS, the UK commodity broker best known for its cocoa trading, announced yesterday that it was holding talks with an unnamed company which might lead to a bid for the group.

Gill & Duffus shares rose steeply on the news, to touch 210p at one point before closing at 190p, up 43p on the day. At that price, the company has a market capitalisation of £125m ($158.75m).

There was strong speculation last night that the potential bidder was Dalgety, the international agricultural trading group, though market rumours threw up the name of numerous other possible contenders. No comment was immediately available from Dalgety.

Gill & Duffus's interests include commodity merchanting, food processing and packing, and insurance broking. But its mainstay is cocoa trading and processing, and it has been hit hard by the world cocoa glut, which was mainly responsible for a fall in 1984 pre-tax profits to £17.11m, some £3.32m below 1983.

For the past four years profits have been well below the 1980 peak of £23m as the group has tried to overcome an unsuccessful diversification into chemicals, now abandoned. However, one of its most successful subsidiaries is Clarkson Puckle, an insurance broker which produced profits of £3.8m last year.

Analysts suggested last night that any bid was likely to be around 200p a share, valuing the company at some £130m.

Dalgety, which a decade ago was heavily dependent on its traditional Australasian businesses, has diversified strongly in recent years, buying Spillers, the milling and baking group, for £74m in 1979 and the agricultural division of Rank Hovis McDougall for £42m in 1983. It made pre-tax profits of £67m last year.

Montedison sells resin plant to Dow Chemical

BY ALAN FRIEDMAN IN MILAN

DOW Chemical's European subsidiary is paying between L10bn and L15bn ($5.1m-$7.6m) to buy a Milan-based resin plant from Montedison, the Italian chemicals, health care and energy group.

The sale of the Montedison factory, which employs 92 people at Fombio, just outside Milan, is part of the Italian group's policy of disposing of non-strategic assets in order to streamline products, reduce costs and indebtedness.

News of the sale to Dow comes just a day after it was announced that Fisons, the UK pharmaceutical concern, is to spend around £12.5m ($15.8m) to acquire Carlo Erba Strumentazione, the scientific instruments division owned by Montedison's Farmitalia subsidiary.

Montedison, which has total debts of L4,344bn, will have total shareholders' funds of L1,110bn following a L113bn planned rights issue.

N. AMERICAN QUARTERLY RESULTS

CAMPBELL SOUP
Canned soup, convenience foods

Third quarter	1984-85 $	1983-84 $
Revenue	1.02bn	933.6m
Net profits	51.6m	46.7m
Net per share	1.60	1.45
Nine months		
Revenue	3.08bn	2.91bn
Net profits	158.4m	149.6m
Net per share	4.91	4.64

NATIONAL CAN
Metal containers

First quarter	1985 $	1984 $
Revenue	405.3m	392.1m
Net profits	3.5m†	2m
Net per share	0.36†	0.21

† Loss

WVF
Steel producer

First quarter	1985 $	1984 $
Revenue	312.4m	303.4m
Net profits	†28.4	†16.7m
Net per share	†0.30	†0.11

† Loss

PARKER PEN
Pens, temp. help services

Fourth quarter	1984-5 $	1983-4 $
Revenue	195.9m	180.4m
Net profits	†2.9m	1.6m
Net per share	†0.17	0.10
Year		
Revenue	843.7m	708.8m
Net profits	5.4m	11.8m
Net per share	0.32	0.70

† Loss

PERKIN-ELMER
Semiconductors, minicomputers

Third quarter	1984-85 $	1983-84 $
Revenue	339.8m	300.9m
Net profits	21.6m	13.9m
Net per share	0.49	0.31
Nine months		
Revenue	954.4m	842.3m
Net profits	57.8m	37.0m
Net per share	1.30	0.83

REED STENHOUSE
Insurance broker

Six months	1984-85 C$	1983-84 C$
Revenue	168.2m	153.2m
Net profits	2.5m	1.7m
Net per share	0.15	0.10

SEA CONTAINERS
Marine container leasing

First quarter	1985 $	1984 $
Revenue	102.6m	80.4m
Net profits	†2.52m	16.58m
Net per share	†0.61	1.82

† Loss

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May 22.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 12⅛ 88	150	105¾	106¼	−0⅛	+0⅜	10.39
Austria Rep 13⅜ 92	100	112	112½	0	+1⅝	11.06
Bank Of Tokyo 12¼ 92	100	†103⅝	104⅛	+0⅛	−0⅝	11.72
Bank of Tokyo 13⅜ 91	100	109⅞	110⅜	0	+0¾	11.25
BP Capital 11⅛ 92	150	100⅝	101⅛	0	+0¾	10.91
Caisse Nat Tele 13¾ 91	100	111⅝	112⅛	−0⅛	+0⅞	10.96
Canada 11½ 90	500	104⅝	105⅛	+0⅛	+0⅞	10.15
Canadian Pac 12½ 99	75	105	105½	0	+0⅞	11.56
CBS Inc 11¾ 92	100	103⅜	103⅞	+0¼	+3	10.83
Chevron U.S.A. 12¼ 88	600	104	104½	−0¼	+0½	10.60
Coca Cola 11¾ 91	100	105⅝	106⅛	−0⅛	+0⅞	10.42
Denmark Kingdom 11½ 90	100	101½	102	−0⅛	+0⅝	11.02
Denmark Kingdom 11½ 92	100	100¾	101¼	0	+1¼	11.27
Denmark Kingdom 13¾ 91	100	107⅞	108⅜	0	+0½	11.35
Denmark 13⅞ 88 XW	100	†106⅜	106⅞	−0⅛	+0½	10.84
Denmark Kingdom 14 91	100	109⅛	109⅝	−0⅛	−0½	11.75
E.E.C. 11⅛ 90	100	101⅜	101⅞	−0⅛	+0⅛	10.63
E.I.B. 13 96	200	108¼	108¾	−0¼	+0⅝	11.59
Export Dev Corp 12 89	100	105⅛	105⅝	0	+0⅝	10.39
Exxon Capital Corp 0 2004	1800	12½	13	+0⅛	+0½	11.15
Ford Motor Cred 11⅛ 95	100	99⅛	99⅝	+0½	+0¾	11.72
IBM Credit 10⅞ 2000	300	100¼	100¾	0	+0½	10.29
IBM Credit Corp 11¾ 87	200	104½	105	0	+0⅞	9.55
Indust Bk Japan 12⅞ 89	100	106⅜	106⅞	+0⅛	+1⅛	10.28
Indust Bk Japan 13⅞ 91	125	113⅛	113⅝	+0⅛	+0⅞	10.76
Int-Am Dev Bk 12¾ 91	150	106⅞	107⅜	0	+1¼	11.11
Japan Air Lines 13⅜ 94	180	115⅛	115⅝	0	+1¾	10.65
Kellogg Company 10⅞ 90	100	101⅜	101⅞	−0⅛	+0⅝	10.38
Kellogg Company 11¼ 92	100	102½	103	+0⅛	+0½	10.62
L.T.C.B. 12⅞ 91	100	107¾	108¼	+0¼	+1⅜	11.04
Macy Cred Corp 11¾ 95	100	102⅞	103⅜	+0⅛	+1½	11.10
Mellon Bank 13 87	100	104⅞	105⅜	−0⅛	+0⅛	10.28
Merrill Lynch 12¾ 89	100	105½	106	0	+1	10.98
Minnesota 11½ 87	100	103¼	103¾	+0⅛	+0⅜	9.73
Mitsubishi Corp 13¼ 89	100	110⅛	110⅝	−0⅛	+0¼	10.06
Montagu 13¼ 91	100	105½	106	0	0	11.86
Morgan Guaranty 12⅞ 89	150	105½	106	0	+0⅞	10.82
Nippon Cred Bk 13⅞ 89	100	109½	110	0	+0⅞	10.60
Nth America 12⅞ 91	100	105⅛	105⅝	+0¼	+0⅝	11.38
Penney J.C. 12¾ 91	100	105¾	106¼	−0¼	+0¼	11.34
Pru Realty secs 12⅛ 95	546	104⅝	105⅛	−0¼	+0¾	11.25
Quebec Hydro 11½ 92	100	105¼	105¾	+0⅝	+1¼	10.36
Ralston Purina 11¾ 95	150	102⅞	103⅜	0	+0⅞	11.23
Ralston Purina 12¾ 89	100	106⅝	107⅛	−0¼	+0¾	10.66
Royal Bk Can 12¾ 92 XW	100	†103½	104	−0⅛	−0⅛	11.87
Saskatchewan 10 3/4 92	100	99	99½	0	+0⅞	10.86
Saskatchewan 11 7/8 89	100	104½	105	+0⅛	+0⅝	10.45
S.N.C.F. 12⅞ 92 XW	100	102	102½	−0⅛	−0¼	11.82
Statoil 13½ 89	100	110⅜	110⅞	+0¼	+0⅞	10.22
S Wales Trsy 11¾ 90	150	103½	104	−0¼	+0⅛	10.73
Swed Exp Cred 12¾ 89XW	100	105½	106	0	+0½	10.96
Sweden Kingdom 10⅞ 90	200	100¼	100¾	+0⅛	+0¾	10.74
Sweden Kingdom 11½ 89	200	103¼	103¾	+0¼	+1¼	10.45
Sweden Kingdom 11¾ 94	100	103½	104	+0¼	+1⅝	11.07
Texaco Capital 12⅞ 87	300	104⅞	105⅜	0	+0⅝	10.17
Texaco Capital 13½ 89	200	108½	109	0	+1½	10.76
Toronto Dom Bk 12½ 88	100	†103	104	0	+0¼	10.98
Walt Disney Pro 12½ 87	150	†104	104½	−0¾	−1⅞	10.31
Weyerhaeuser 12¼ 87	150	103¾	104¼	0	+0⅝	10.21
World Bank 12¼ 94	150	106⅜	106⅞	0	+1⅛	11.06
World Bank 12⅞ 94	200	109½	110	−0½	+1¾	11.11

Average price change On day 0 on week +0¾

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	102¼	102¾	−0⅛	0	7.61
Austria Republic 7⅝ 94	200	101¾	102¼	+0⅜	+0¾	7.39
Baxter Travenol 7⅛ 94	200	101½	102	+0¼	+0½	6.97
Credit National 8⅛ 94	200	104⅜	104⅞	+0¼	+0¾	7.36
Degussa Int Fin 7½ 94	100	104¾	105¼	+0¼	+1	6.71
E.E.C. 8 92	200	103⅝	104⅛	0	+0⅜	7.30
Escom 8 92	150	100	100½	−0¼	−0⅝	7.94
Ferrovie Dello Stato 8 91	100	102¼	102¾	−0⅛	−0⅛	7.45
Finland Republic 7 92	200	98½	99	+0⅛	+0¼	7.29
Gould Int Fin 7⅝ 91	100	102	102½	+0½	+0½	7.15
Ireland 8⅛ 92	150	102⅜	102⅞	−0¼	−0⅛	7.63
Japan Fin Corp 7⅝ 91	100	102½	103	−0¼	−0¼	7.05
Mitsubishi Hvy 3½ 89WW	300	109½	110¼	+2⅞	+4⅛	0.95
Mitsubishi Hvy 3½ 89XW	300	91¼	91¾	+0⅛	+0⅛	6.03
Mitsubishi Met 3⅛ 89WW	100	99⅜	99⅞	+1⅝	+2⅜	3.21
Mitsubishi Met 3⅛ 89XW	100	86¼	86¾	−0⅜	−0¼	6.83
O.K.B. 7½ 88	100	100¼	100¾	0	0	7.31
Pepsico O/S Fin 7¼ 94	250	102½	103	0	+0⅜	6.82
Renown 3⅛ 90	80	†100¾	101¼	+0¾	+1½	2.91
Reynolds O/S Fin 7⅞ 94	125	†102¾	103¼	−0¼	−0¼	7.02
Societe Cent Nucleair 8 91	100	102½	103	+0⅛	+0⅛	7.42
Sth Africa Rep 8½ 91	200	102½	103	+1	+1½	7.96
Sth African Tran 7⅝ 92	100	96⅞	97⅜	+0⅛	0	8.14
World Bank 7¼ 89	100	101½	102	+0⅛	0	7.18
World Bank 8 94	200	105	105½	+0½	+0¾	7.16

Average price change On day +0⅜ on week +0⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¾ 94	100	†101½	101¾	0	−0¼	6.01
Asian Dev Bank 6⅛ 98	100	†101	101¼	−0¼	−0⅛	5.98
Avon Cap Corp 5⅞ 94	130	†98¾	99	−0⅛	−0⅝	5.03
Brit land Comp 6½ 99	75	†103½	103¾	0	+0¾	6.24
Council of Europe 6 92	120	†100¾	101	−0¾	−0¾	5.85
Creditanstalt 5½ 94	100	†97¾	98	−0¼	−0¼	5.79
Deutsche Bk Fin 5⅜ 95	100	†100¾	101	+0¼	+0½	5.25
E.I.B. 5⅞ 94	120	†101	101¼	0	+0¼	5.71
Eurofima 5 97	100	†98¾	99	−0½	−0¼	5.13
Eurofima 5¼ 96	100	†100½	100¾	+0⅛	+0⅛	5.17
Export Dev Corp 5⅜ 92	125	†100	100¼	+0¼	+0¾	5.35
First Boston Inc 5¾ 94	60	†101½	101¾	+0¼	+1¾	5.52
Gen Occidentale 4½ 94	80	†101½	102	+0⅛	+0⅛	4.27
I C Industries 5⅝ 94	125	†101¼	101½	−0¼	−0¼	5.43
Ind Fond Fin 5¾ 94	40	†*100	100¼	−0¼	−1	5.73
Int-Am Dev Bk 6⅛ 94	120	†*102	102½	−0⅜	+2⅛	5.80
New Zealand Govt 5¾ 94	150	†102½	102¾	0	+1	5.38
N.Zealand steel 5¾ 96	70	†98	98¼	+0¼	−2¼	5.85
Oberos Kiosk 5⅞ 95	100	†98¼	98¾	+0⅛	−0⅝	5.58
Ost Donaukraft 5⅞ 95	70	†98½	98¾	+0⅛	−0⅝	5.56
Ralston Purina 5⅞ 94	125	†98½	98¾	−0¾	−0¾	5.96
Santos Finance Ltd 6 94	130	†98½	98¾	+0¼	−0½	6.18
Tokyo Elec Pwr 5½ 93	120	†99¼	99½	0	+0¾	5.58
Tokyo Metropolis 5¼ 94	80	†98¾	99	+0¼	+0¾	5.40
World Bk 5¾ 94	150	†101	101¼	−0½	+0¾	5.58

Average price change On day −0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Republic 7 95	30	97½	98	+0⅛	+0⅛	7.32

	Issued	Bid	Offer	Change on day	Change on week	Yield
BP Overzee 7 92	17	99⅞	100⅜	0	−0⅛	6.97
Fed Nat Mort 6½ 92	50	98	98½	0	+0⅝	7.28
Finland Republic 6¾ 90	15	98⅛	98⅝	0	0	7.15
World Bank 6⅝ 90	25	98⅛	98⅝	−0⅛	−0⅞	7.02

Average price change On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 12¼ 97 C$	125	†101¾	102¼	0	+0¼	11.91
British Columbia 12 90 C$	125	†102⅞	103⅜	0	+1	11.12
Can Nat Rail 12½ 95 C$	100	†104¾	105¼	0	+0¾	11.61
Chrysler Cred 12⅝ 92C$	60	†100⅜	100⅞	0	+0⅞	12.46
Denmark 11⅝ 91 C$	100	†98½	99	0	+0¼	11.91
Desjardins 12½ 90 C$	50	†101½	102	0	+1½	12.01
E.I.B. 12 95 C$	75	†103¼	103¾	0	+1¼	11.30
Giro Und Bk 10½ 93 ECU	60	105⅛	105⅝	+0¼	0	9.52
World Bk 10¼ 89 ECU	125	105¼	105¾	−0⅛	−0⅛	8.76
World Bk 10⅝ 94 ECU	75	106½	107	+0⅝	+0⅝	9.60
Eurofima 7½ 92 FL	50	100¼	100¾	0	+0⅛	7.40
Philips Lamps 7½ 90 FL	100	101¼	101¾	0	+0¼	7.13
Rank Xerox 8 90 FL	100	101⅝	102⅛	0	+0½	7.55
Van Lanschot 7½ 90FL	50	99⅞	100⅜	0	+0⅝	7.71
World Bank 7½ 90 FL	150	100¼	100½	0	+0¾	7.43
Charbonnages 13⅞ 85 FF	400	†101	102	−0⅛	0	[illegible]
American Brands 12 95 £	40	100½	101	0	−0¼	11.92
Amer Express 11⅞ 92 £	30	102¼	102¾	+0⅛	+0⅛	10.92
Australia Comm 11 92 £	40	98¼	99	+0⅝	+0⅝	11.28
BP Capital 10¾ 92 £	50	96⅞	97⅜	−0⅛	+0⅛	11.32
E.I.B. 11⅛ 93 £	50	97⅜	97⅞	0	−0⅛	11.59
Inco 12¾ 93 £	50	99⅝	100⅛	0	0	12.74
Mcdonalds 10⅝ 90 £	40	98⅛	98⅝	0	0	11.31
Norsk Hydro 11⅝ 91 £	50	102	102½	0	−0½	11.05
Privatbanken 11⅞ 92 £	20	99	99½	0	+0⅝	12.08
Rank Xerox 11 92 £	40	96½	97	0	0	11.70
Royal Trustco 11⅞ 90 £	30	99⅛	99⅝	0	+0¼	11.98
Star Drug Cap 10⅞ 90 £	30	97¾	98¼	0	0	11.41
Swed Exp Cred 11⅞ 92 £	50	99¼	99¾	+0⅛	+0¼	11.48
Trusthouse Forte 11⅛ 90£	50	96¾	97¼	−0⅛	−0⅜	11.95
World Bank 11¼ 95 £	100	98¼	98¾	0	+0⅛	11.31
E.C.S.C. 10½ 94LF	100	104	105	+0⅝	+0⅝	9.72
Nat Lux Alum 10½ 92 LF	600	104½	105½	+0⅝	+0⅝	9.60

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0⅛	100⅜	100⅝	11/10	9⅝	9.59
BankAmerica O/S 5¼ 96	0⅛	100⅛	100⅜	28/6	8.81	8.79
Bank of Montreal 5 95	0⅛	100⅝	100⅞	29/7	8¾	8.68
Bankers Trust 5 2000	0	99¾	100	17/6	9.81	9.82
Bankers Trust 5¼ 96	0⅛	100⅛	100⅜	13/6	8.31	8.28
Barclays O/S Inv 5 2004	0⅛	100⅜	100⅝	4/9	10⅛	10.08
B.F.C.E. 5¼ 88	0⅛	100⅝	100⅞	13/9	10.06	9.99
B.N.P. 5¼ 96 (July)	0⅛	100	100¼	22/7	8⅞	8.71
C.C.F. 5¼ 97	0	99¾	100	22/8	10⅝	10.64
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/6	8.69	8.65
Citicorp O/S 5¼ 98 Sep	0⅛	100	100¼	19/12	11.19	11.17
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	9.69	9.62
Dresdner Fin 5¼ 89	0	99⅞	100⅛	28/8	9⅝	9.39
Ireland 5¼ 97	0	100⅜	100⅝	28/10	9.69	9.64
Ireland 5¼ 99	0	100½	100¾	14/9	10	9.94
Italy, Republic 5 94	0⅛	99⅞	100⅛	9/5	8.94	8.94
Lloyds Euro 5 2004	0⅛	100⅛	100⅜	18/10	9⅛	9.10
Midland Int Fin 5 99	0⅛	100⅜	100⅝	8/8	10.44	10.39
Nat West – Perp 5 89	0⅛	100⅞	101⅛	13/6	10⅜	10.27
Queensland Coal 5¼ 96	0¼	100⅜	100⅞	9/5	10.06	10.06
Roy Bk Scot 5¼ 2005 £	0	99¼	99½	2/8	8¼	8.38
Societe Gen 5¼ 95	0	†100¾	101	12/10	9½	9.42
Sweden Perp 5¼ 85	0⅛	100⅛	100⅜	9/7	9.44	9.41
Tokai 5¼ 98	0⅛	100⅜	100⅝	12/8	9.94	9.88
Toyo 5¼ 89	0⅛	100¼	100½	14/6	8.81	8.78

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	94¼	95¼	−0⅝	−3.11
Fanuc 3¾ 98	1/84	7032.3	158⅞	159⅜	−0½	34.87
Fujitsu 3 99	5/84	1320.9	89⅞	90⅞	−0½	15.87
Kumagai Gumi 3½ 2000	3/85	600	102¾	103¾	−1	−1.82
Marui 3½ 99	7/84	1162	94¼	95¼	+0⅝	−0.82
Mitsubishi Elec 2⅝ 00	3/85	422	92⅜	93⅜	+0⅛	−0.30
Murata 3½ 99	2/84	2351.2	111⅝	112⅝	−2	25.34
Murata 3¼ 2000	7/84	2398	109⅞	110⅞	−1⅝	28.35
Nippon Elec 2⅞ 2000	1/85	1285	88⅞	89⅞	−1⅝	48.58
Nippon Oil Co 3 2000	5/85	923	96¾	97¾	+0½	4.59
Nippon Oil Co 3¼ 99	3/84	1052	87	88	+0¼	16.53
Oki Elec Ind 3½ 99	10/84	805	86⅛	87⅛	0	21.20
Orient Leasing 5¼ 98	6/83	2880	99⅞	101⅛	+0⅝	−0.84
Sekisui House 3 99	6/84	512	96⅛	97⅛	−1½	−2.12
Sony Corp 2 2000	5/85	4578	90¾	91¾	−0⅝	0.42
Sumitomo Corp 2⅞ 99	5/84	593	102⅝	103⅝	−1⅞	−3.05
Taiyo Yuden 3¼ 2000	3/85	1078	97⅞	98⅞	−0¼	−1.10
Takeda Riken 3⅛ 2000	10/84	7083	92	94	−0¾	18.71
Tokyo Sanyo Elec 3½ 99	12/84	772	98⅞	99⅞	−1⅛	3.07
Toshiba Ceramics 3 2000	4/85	1734.2	92⅛	93½	0	−0.41
Nippon Oil Co 2½ 92 SF	3/84	1052	†106	108	+1⅝	20.69
Nippon Shinpan Co 2 89 SF	3/84	801	†103¾	105¾	+0⅝	17.94
Seibu Parco 2¼ 92 SF	4/84	677	†136	138	0	−4.46
Asics 5 92 DM	12/83	525	183⅝	184⅝	+0⅞	20.32
Sun Realty 6¼ 92 DM	2/83	398	219½	220½	0	−4.37

* No information available–previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Stumbling block for Blue Circle

Kieran Cooke in Jakarta examines an upset in the Indonesian cement industry

BLUE CIRCLE, the British cement group, has run into trouble in Indonesia with a cement plant judged to be one of the most up-to-date in the world. The $200m plant, in the province of Aceh in Sumatra, came on stream in mid-1983 with a production capacity of more than 1m tonnes a year. But output now runs at barely half that, and Blue Circle has ben forced to write off its £10m ($12.7m) investment.

Prospects had seemed ideal. The plant—built to withstand earthquakes registering as much as seven on the Richter scale—is perched on the northern Sumatra coast, with its own harbour and a plentiful supply of raw materials. Nearby it has a bagging factory, said to be the biggest in the world.

Blue Circle manages the plant on behalf of the locally formed company, PT Semen Andalas. Blue Circle holds 26 per cent of the equity while other major shareholders are the Swiss Cementia group, the Commonwealth Development Corporation (CDC) and the Saudi-based islamic Development Bank.

With a total involvement of more than $22m, it is the CDC's biggest single project in Indonesia. The world Bank has provided more than $50m in soft loans, while Kobe Steel of Japan, which built the plant, provided credits of $60m. Almost none of the money has so far been repaid.

The problems for Semen Andalas started to emerge in the same year the plant came on stream. A dramatic downturn in Indonesia's revenues from its oil exports, which account for nearly 60 per cent of export earnings, led to the cancellation or rescheduling in early 1983 of several major development projects. At a stroke, cement demand was substantially reduced.

Soon afterwards, the Indonesian currency, the rupiah, was devalued by 27 per cent, while in the first year of production at Semen Andalas, the price of fuel oil soared as government subsidies were removed. The recent rise in the value of the dollar has only added to the dismal catalogue of woes for the company.

But what has really hurt has been the dramatic expansion of Indonesia's cement industry. In the early 1980s Indonesia was still a cement importer. But in the last four years production capacity has increased many times over. By the end of this year it is expected that installed capacity will exceed 17m tons—by far the biggest in the Asean region. However, even the most optimistic estimates put domestic demand over the 12 months at no more than 11m tons.

More than half the country's cement capacity is controlled by the Indocement group — the foundation of the vast empire of Mr Liem Siu Liong, the powerful Chinese Indonesian tycoon. At present, he is building one of the world's biggest cement installations in Java with the help of substantial soft loans from the Indonesian State Development Bank.

Indonesian officials are optimistic that the domestic economy will pick up, and in the meantime urge cement producers to export, however, with plants operating at only 50 to 60 per cent capacity, Indonesia finds it very difficult to price its cement low enough to compete with exports from Taiwan, South Korea or Japan.

In addition, the many hidden costs involved in operating in Indonesia—such as illegal customs and port charges, payments for export licences plus long bureaucratic delays—tend to squeeze any export profit margins.

Semen Andalas is at present selling a limited amount of cement to Sri Lanka but this is being done more to keep production going than for any real financial return. In 1984 Indonesia exported only 400,000 tons of cement out of a total production of 9m tons.

Semen Andalas has also been hurt by the way that other companies, including those under state control have been allowed to undercut sales in its own agreed concession areas. Many foreign investors in Indonesia have similar complaints: they say that the Government frequently gives assurances on markets and other operating factors, but then influential parties intervene and are seemingly able to fly in the face of stated policy.

But despite the problems at Semen Anadalas, it is unlikely the plant will close. "It would be very indiscriminate to pull out of such a potentially vast market," said one official.

Instead, the company has recently been restructured and new partners brought in which, it is hoped, will be able to exercise more influence on government officials. The plant is also being converted to coal firing.

It obviously rankles with many at the plant that such a modern works is being forced to operate at only half its capacity. As one worker put it: "The symbol of Semen Andalas is a blue circle with an elephant inside. It's supposed to symbolise strength, but right now it looks more like a white elephant."

Modest profits advance at Fuji Heavy

By Carla Rapoport in Tokyo

FUJI Heavy Industries, the maker of Subaru cars, recorded a modest 5.8 per cent increase in pre-tax profits for the year ended last March to Y30bn ($119.9m) on sales up 11.5 per cent to Y672bn.

The company, in a statement accompanying its unconsolidated figures, said the improvement was due to higher sales, continued benefits for income earned on its surplus funds, and increase dividends from one of its sales companies in the U.S.

The improvement reversed the decline in profits recorded last year but does not restore the company to its 1983 peak of Y34bn in pre-tax profits on sales of Y580bn.

Sales of cars, the company's main product, went up by 9.7 per cent despite the fact that it decided last summer to postpone the planned production of its Subaru Leone subcompact.

Net profits were Y14.9bn or Y40.50 a share, against Y15.2bn or Y41.28 a share.

In the current year, Fuji projects another increase in pre-tax profits to Y35bn on sales of Y760bn. The dividend is expected to remain unchanged at Y8.

Kyodo adds from Tokyo: The company told a Japanese press conference that it is considering assembling cars in the U.S. Mr Toshihiro Tajima, its president-designate, said: "We are studying the matter, though a concrete plan has yet to be worked out."

He said the project might be launched in partnership with other car makers, Japanese or foreign. Fuji is affiliated with Nissan Cars.

Barclays Fiji sale

SYDNEY—Barclays Bank of the UK has agreed to sell its operations in Fiji to Australia and New Zealand Banking Group, ANZ announced yesterday. The agreement, subject to approval by the Fijian authorities, was made on undisclosed terms. ANZ said it plans to take over the three Barclays branches on July 1.—AP-DJ

Two Australian aerospace groups to amalgamate

BY LACHLAN DRUMMOND IN SYDNEY

TWO AUSTRALIAN aerospace companies, the UK-controlled Hawker de Havilland and the locally owned Commonwealth Aircraft Corporation (CAC), are to amalgamate.

The move will create a group with combined sales of some A$160m, total assets of around A$100m and 3,350 employees.

Terms of the merger were not revealed because approval from the country's Foreign Investment Review Board (FIRB) has yet to be gained. It is expected however, that the recently publicly listed Hawker — 70 per cent owned by Hawker Siddeley — will buy CAC from its corporate shareholders for something over A$25m (U.S.$17.3m).

The two companies said they would merge because the resulting enterprise would be a more effective operating unit.

Senator John Button, the Industry Minister, welcomed the planned amalgamation. He said it would reduce fragmentation in the industry which, he said, had been one of its structural problems for many years. His support suggests few problems will be encountered at the FIRB.

Both companies are involved with defence work in repair and maintenance of air force aircraft and each is also involved in production of components for the new Hornet fighters being taken up by the air force.

Last year Hawker won 40 per cent of its A$72m of sales from export, which include components for Boeing, Airbus and McDonnell Douglas commercial aircraft.

Its net earnings totalled A$3.5m for the year to December 1984, compared with A$1.8m for CAC in its year to June 30, when it showed sales worth A$76m, of which 28 per cent came from exports.

The companies hope the greater size of the combined operation will make it better able to compete in international markets and to participate in collaboration agreements.

CAC is owned by a consortium of seven companies comprising BHP, North Broken Hill, Western Mining, EZ Industries, ICI Australia, Rolls-Royce, and P & O Australia.

Bankers agree A$1.65bn facility for Woodside

BY OUR SYDNEY CORRESPONDENT

WOODSIDE PETROLEUM has reached agreement with its lead bankers on a A$1.65bn (US$1.14bn) credit facility which will cover existing loans and its share of the export phase of the North-West Shelf gas project.

Doubts in some quarters about Woodside's ability to secure this financing—led to BHP and Shell two months ago launching a bid valuing Woodside at A$800m.

The joint bidders have since moved from 43 per cent ownership to majority control, with an A$200m rights issue planned. Doubt over its ability to raise the funds has thus all but been removed, although Woodside had maintained all along that it was able alone to secure the credit.

Commitment of the 13 lead management banks to the financing which covers existing loans of A$1.1bn advanced for the completed domestic phase of the project awaits formal documentation and an engineering and technical status report. Contracts for the uptake of the liquefied natural gas have been initialled by the eight Japanese utilities, and final commitment by the project partners is due soon.

A notable absentee from the lead management team is Morgan Guaranty, which led the initial credit in 1981, but backed away from the latest arrangements earlier this year.

While Morgan—along with Citibank—has dropped out, Bank of Tokyo, Dai Ichi Kangyo, Deutsche Bank, NatWest, and the National and Westpac banks from Australia have joined the lead group.

Warning from Premier after sharp reverse

By Jim Jones in Johannesburg

PREMIER GROUP, one of South Africa's leading diversified food and consumer products groups, suffered a sharp profit reduction in the year to March and is extremely cautious on immediate trading and profit prospects.

Turnover rose by 12.8 per cent to R2.31bn ($1.16bn) from R2.05bn, but Mr Tony Bloom, the chairman, says that sales volumes came under pressure because of a significant drop in personal consumption expenditure.

He adds that sales margins also came under competitive pressure while cost increases could not be passed on to consumers. As a result the trading profit rose by only 11.3 per cent, to R141.4m from R127.1m.

Interest bearing debt increased to R418.8m from R353.7m and this contributed to a two-thirds increase in the interest bill to R72.2m from R43.3m. Finance charges were further increased by a R7.4m foreign exchange loss on foreign debt. Dividend income was unchanged at R400m and the pre-tax profit dropped to R101.8m from R124m.

Mr Bloom says that virtually every economic indicator deteriorated during the second half of the financial year. A continuation of the present unfavourable economic climate and further rises in inflation and unemployment are likely to maintain pressure on trading margins in the current financial year.

Earnings per share dropped to 168.6 cents from 214.5 cents and an unchanged total dividend of 8 cents has been declared.

Premier is directly and indirectly controlled by Anglo American Corporation, South Africa's largest mining and industrial conglomerate. Premier itself has a 36 per cent interest in South African breweries, which in turn has a monoply of the country's beer market and significant diversified consumer interests.

Premier is also the largest shareholder in CNA Gallo, the distributor of recorded music, books and periodicals.

Marginal dip at Singapore Land

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE LAND, one of the island state's principal private sector property developers, yesterday reported a marginal 6.8 per cent dip in interim pre-tax profits, but warned that it could not expect to maintain its performance in the current six months.

Analysts said the better-than-expected performance in the current depressed property market was a reflection of the company's cash flow from buildings already successfully let. Current development projects, notably the Gateway complex, still posed major problems.

Yesterday's figures show the company achieved pre-tax profits of S$15.5m (U.S.$7m) for the six months to February, against S$16.7m. Turnover was 4 per cent higher at S$40.2m. Interest payments were significantly higher at S$15.4m, against S$9m last time.

Securities suit against Riccar

By Yoko Shibata in Tokyo

CHARGES UNDER Japan's securities law have been brought against Riccar, the sewing machine manufacturer which last July sought court protection from its creditors.

The Ministry of Finance and court-appointed trustees of the company's assets are jointly alleging that Riccar — along with four former top executives — filed false sets of accounts for 1982 and 1983, allegedly overstating profits.

The charges, filed in the Tokyo District Court, are the first of their kind for nine years. The four men are Mr Shuzo Hiraki, the former chairman and Mr Yuji Ishii, Mr Harutoshi Yoshida and Mr Takashi Nakayama.

JAPANESE RESULTS

DAINIPPON INK & CHEMICALS
PRINTING INK, FINE CHEMICALS

Year to	Mar.'85 Y	Mar.'84 Y
Revenues (bn)	402	398
Pre-tax profits (bn)	11.20	9.81
Net profits (bn)	4.93	4.50
Net per share	8.30	8.42
Dividend	6	6

PARENT COMPANY

KAO
DETERGENTS

Year to	Mar.'85 Y	Mar.'84 Y
Revenues (bn)	398	344
Pre-tax profits (bn)	17.70	13.29
Net profits (bn)	9.38	7.02
Net per share	35.38	28.33

CONSOLIDATED ORIENT LEASING
LEASING, FINANCE

Half year to	Mar.'85 Y	Mar.'84 Y
Revenues (bn)	168	134
Pre-tax profits (bn)	4.34	4.27
Net profits (bn)	1.51	1.42
Net per share	30.98	29.81
Dividend	0	0

PARENT COMPANY

UK COMPANY NEWS

Bass up 26% but warns of second half slowdown

Bass, which ranks as Britain's largest brewer, yesterday reported interim taxable profits well above most market expectations, but warned that the rate of profits improvement—they expanded by some 26 per cent—will not be maintained over the full year.

The midway outcome was a rise from £84.4m to £106m, which compared with City forecasts of around £89m, but the shares fell 15p on the announcement to 557p. They recovered later on to close the day at 568p.

The performance of the group's leisure division was also a reason for the market's disappointment. At the trading level, leisure side profits slipped from £6.2m to £5.5m on turnover £26.6m ahead at £280.2m. Mr Derek Palmar, Bass chairman, said that the severe winter affected the profits of racing operations and that amusement machine manufacturing suffered from difficult market conditions.

He explains that the Easter period fell in the first half this year, but in the second last time, and that this will affect trading comparisons. In addition, the second period in 1984 had the benefit of an extra week's trading and above average weather. These factors combined suggest that the second half of 1985 will witness a decline in the rate of profit growth.

The group's activity—brewing, drinks and pub retailing—continued to show healthy growth both in sales and in profits. Beer sales have continued to expand compared with the same period last year and market share has increased.

Overally ,the division turned in sales up from £853m to £933m to produce trading profits of £107.8m against £88.3m. Aggregate group sales rose from £1.1bn to £1.21bn. Costs and overheads, less other income, also increased, from £1.01bn to £1.1bn.

Group trading profits came out at £113.4m against £94.5m. They were calculated after charging £5.6m more at £35.3m for depreciation on tangible fixed assets and after a provision of £3.7m against £3.1m for the Bass employee share ownership scheme.

The depreciable lives of some assets in certain leisure companies have been reviewed, which has given rise to an additional charge of £1.5m. Trading prifit is also after adding various surpluses on the disposal of fixed assets and subsidiaries. These made £1.3m less for the brewing, drinks and pub retailing division at £4.7m, but added £1.5m to leisure compared with a charge of £300,000 last time. The cost of company borrowing fell from £10.1m to £7.3m in the half.

The company tax bill at the midway stage came to £37.1m against £28.9m, at an estimated effective rate of 35 per cent (adjusted 34.2 per cent). After this, net profits came out at £69m against £55.5m.

The interim dividend is to be increased by 0.4p to 3.7p, and will account for £12.1m against £10.7m of available ordinary earnings. These came to £69m against £55.8m. Midway earnings per share are stated at 21.1p, an increase of 4.1p.

In the last ful period Bass achieved record taxable profits of £218.4m, up from £175m, on group sales totalling £2.25bn. The dividend then came to 12.9p.

Since the start of the period under review, Bass has expanded further in the leisure field with the acquisition of a further 10.6 per cent stake in Horizon Travel, taking its total holding to 25.6 per cent. Bass gave assurances at the time of the acquisition that it would respect Horizon's wish to continue as a separate company.

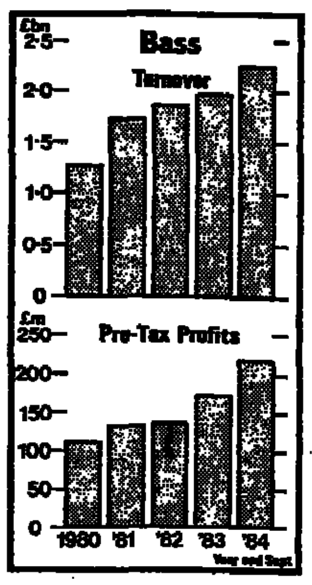
See Lex

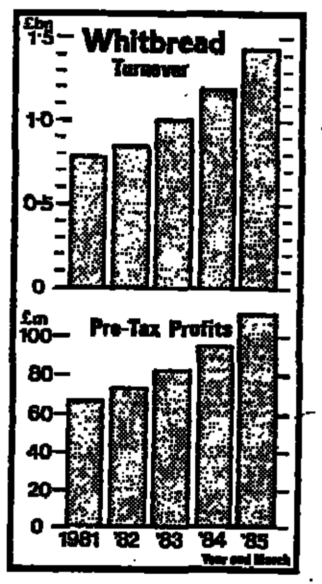
Adams

Adams & Gibbon, the Newcastle-upon-Tyne based Vauxhall Opel main dealer, fighting a £5.2m takeover bid by Keep Trust, yesterday forecast a 22.3 per cent rise pre-tax profits for the current year.

Adams is also forecasting a total net dividend of 6.8p for the year ending November, a 25 per cent rise on last year.

Keep hit back by pointing out that it already held or had acceptances for 31.7 per cent of Adams' equity.





Mr Derek Palmar (left) chairman of Bass, and Mr Sam Whitbread, chairman of Whitbread.

Whitbread's £110m marks ten years of profit growth

Whitbread and Company, Britain's third largest brewer, yesterday added another notch to its annual growth record with the unveilin gof its results for 1984/85 showing a 15.8 per cent rise from £95.1m to £110.1m pre-tax.

This matched City expectations and marked the tenth of an unabated run of profits growth since the downturn to £21.5m experienced in 1975.

And with all divisions either on or above budget, "things look good for the current year," said Mr Sam Whitbread, the crairman.

Whitbread, he said, ended 1984%85 with litle change overall in its volume sales, but pointed out that six weeks into the current year it was showing an increase of 2.7 per cent.

The latest results covering the 52 weeks to March 2 were considered highly satisfactory by Mr Whitbread, given the background of static brewing industry volumes and the miners' strike which cost an estimated £1m in profit terms.

Whitbread's shares gained 8p to 221p yesterday and yield a gross 4.6 per cent—in line with the sectoral average—with the directors recommending a final dividendo f 4.9p for a higher total of 6.95p against 6.25p.

Earnings per share rose from 19.27 to 21.35p after tax of £25.4m ,£19.6m).

The group's new divisional structure, the chairman said, had proved successful in helping to meet demands of the business; ber, brewing and wholesaling accounted for 49 per cent of total operating profits of £144m, while retailing and international wines and spirits contributed 33 per cent and 18 per cent respectively.

Total group turnover advanced from £1.19bn to £1.44bn, generating trading profits of £135.4m against £108.4m.

The chairman said that the year was marked by further investment in North America through the US$110m purchase of Buckingham Corporation and the outstanding 45 per cent of Highland Distillers of California.

However, Whitbread has been engaged in legal action followingt he loss of two important product franchises it had acquired with Buckingham.

While Mr Whitbread made no comment on the action, it was disclosed that the group was making goodwill write-offs of between $15 and $20m against reserves on the deal—part of which reflected the loss of the two brands.

While the group would be actively looking to replace the lost brands he stressed that the main name within the takeover was Cutty Sark.

Over recent year's this brand's market share in the U.S. has fallen from between 19 per cent and 20 per cent to around 15 per cent.

Whitbread expects to take this up to 16 per cent by the end of the current year and has set a target of 20 per cent over the next three years.

Total group caiptal expenditure over the year, excluding acquisitions, totalled £148m; Whitbread spent £40m on brewing and wholesaling, just under £70m on retailing and the balance on wines and spirits, and expects to spend a similar amount this year. Interest charges in 1984-85 were £12.6m higher at £32.4m and Whitbread says that net gearing went up from 27.1 per cent to 34.6 per cent.

The P and L account in 1984-1985 absorbed £10.5m (£3.4m) of extraordinary items reflecting £18.3m of closure costs on the Luton Brewery, rationalisation and reorganisation expenditure of £6.4m, and £2m for the termination of Nigerian interests.

Whitbread estimates that the Luton shut-down is producing cost savings of around £5m annually.

See Lex

Avon Rubber's shares slip on interim £2m

A RISE of 53 per cent in interim taxable profits at Avon Rubber was not enough to satisfy the City, which had been expecting nearer £3m than £2m, and the shares were marked down 17p to 293p on the day.

The outcome for the half year to March 31 1985 was an increase from £1.31m to £2.01m, and was due as much to a sharp fall in interest charges as to improved trading. The directors say that the second half is expected to show continued progress.

The interim dividend is lifted by 0.2 to 2.2p net per share on capital increased by last September's rights issue, which raised £9.9m for the company. In the last full year, on pre-tax profits of £3.53m, there was a total payment of 5p. Earnings per share are shown at 13.2p (14.5p) for the half year.

The directors say that the profit increase was achieved despite the adverse effects in the early months of the year of industrial problems in the UK car industry and fiercely competitive conditions in all parts of the tyre business. Avon is also involved in the manufacture of industrial polymers.

Turnover moved ahead from £90.09m to 98.69m, thanks largely to a near £7m advance in exports to £27.15m. Export sales have been encouraged by the strength of the U.S. dollar, but this has also increased the group's raw material costs.

Operating profits came out at £4.86m against £4.33m, to which related companies added £100,000 less at £75,000. Depreciantion was up from £1.89m to £2m.

Interest and similar charges were cut from £1.31m to £935,000, and there was a charge for tax of £179,000 (£200,000) arising mainly on the profits of overseas subsidiary and related companies.

Minority interests took £56,000 (£46,000) to leave attributable profits at £1.77m (£1.06m). The dividend will account for £293,000 (£133,000).

● comment

Subscribers to last September's one for one rights issue by Avon Rubber have every reason to be pleased—even with a 17p drop to 293p their investment has more than doubled in value. With some of the £9.9m raised applied to reducing gearing from almost 100 per cent to 25 per cent, interest charges at the year end should be significantly down. The group's most exciting prospects lay in the expansion of its military related products — the new Mississippi factory set up jointly with Bell is making hovercraft skirts for the U.S. defence industry and contracts for a stake of the art gas mask are expected to start coming through sales in the U.S. and another £30m a year on turnover thorugh sales in the U.S. and the UK from 1986 onwards. Strikes at various UK motor plants have hurt the tyre division and pushed it into second place behind industrial polymers. Even in tyres, however, the emphasis is increasingly on lucrative niche markets rather than anything smacking of volume sales. The depreciation rise reflects only the inclusion of leasing rather than any change of policy. Yesterday's limited downrating was most likely due to expectations that benefits from the rights cash would flow through more quickly to profits. For the year the analysts are looking for £5½m pre-tax, for a prospective multiple of just under 8 (10 per cent tax) which is surely modest for a company whose 20 per cent of turnover will be military within two years.

AIB meets dividend with £42m transfer

THE write-off of Allied Irish Bank's interest in the troubled Insurance Corporation of Ireland has eliminated net profits for the 1984-85 year, and the remaining deficit has been met by a I£51.2m—equivalent to £42m sterling—transfer from reserves.

The transfer was necessary in order to cover the dividend for the 1984-85 year, which Mr Niall Crowley, AIB's chairman, promised would be maintianed at 9.5p per share despite the full I£90m write-off cost.

The full allowance for the disinvestment of Insurance Corporation, which has since been taken over by the Irish Government, wiped out the banks profits for the year ending March 31 1985. At the pre-tax level, these were in line with the forecast made last March at the time of the AIB disinvestment, though they showed a slight fall from I£85.4m to I£84m (£69m) over the year.

After tax, profits were up by I£4.4m at I£54.8m.

Mr Crowley says that the dividend—the final is unchanged at 5p—"is a reflection of our confidence in the future profitability of AIB and our belief that we can achieve our aim of rebuilding reserves out of future retained profits over the next few years."

He adds that the bank's capital ratio at the year end stood at 6.1 per cent, and the objective is to achieve the Bank of Ireland desired ratio of 6.5 per cent by the end of the current year.

...In the period under review AIB's bad debt provision resulted in charge against profits of I£33.7m, I£2.5m up on an already high provision for the previous year. Most of these occurred in the Irish Republic, and reflect the continuing effects of the recession.

Associated companies lifted their contribution to group profits by nearly I£10m to £I10.5m. The chief of these is the U.S. based First Maryland Bancorp, which lifted earnings by 41 per cent and has risen 38 per cent in the current first quarter.

● comment

Not surprisingly the ICI debacle haunts both the profit and loss account and balance sheet of Allied Irish Bank. However, a useful I£10.1m contribution from First Maryland Bancorp (which should be majority owned within three years) helped keep the pecker of the pre-tax profits up and in line with forecasts. The balance sheet has shrunk from I£8.3bn at the interim stage to I£7.8bn mainly due to the removal of ICI—although it has also the useful effect of boosting capital ratios. For the UK investor the total dividend is 10.48p (paid out of reserves) producing a yield of 9.1 per cent — the Irish investor does better but the tax regime bedevils easy comparisons. In the present year the funding costs of the I£40m injected into ICI shortly before its collapse plus the low yielding I£50m on loan to the Irish Government and the I£20m with London underwriters will all be a drain on returns. Nonetheless the market is looking for a small improvement, to I£88m pre-tax suggesting a prospective multiple of four times earnings (35 per cent tax charge) on 115p.

Shell Transport chief warns of tighter production restraints

The Organisation of Petroleum Exporting Countries may be forced into even tighter production restraints this year if oil prices are not to slide further, Sir Peter Baxendell, chairman of Shell Transport and Trading, said yesterday.

Sir Peter, who was speaking at the company's annual meeting and on the publication of the company's first quarter results, said that oil prices could easily fall further from their already weak levels.

Opec's current quota system, which restricts output to 16m b/d was not, Sir Peter said, tight enough to stabilise prices. "Opec may possibly take further collective action to maintain its pricing aims. Alternatively prices may slide further in the next few months."

The most striking feature of Shell's results, however, concerned its metals activities, which are to be "rationalised and consolidated" at the cost of £50m to first quarter earnings.

The company declined to say which operations would be affected by the cutbacks, but depressed aluminium prices are thought to be causing problems, especially in Surinam and Australia.

For the quarter, metals recorded a loss of £76m, compared with breakeven in the same quarter of last year. Several other oil companies in recent months have taken steps to shed mining and metals activities bought during the metal prices boom of the late 1970s.

The group's total net income for the quarter was £1,084m, compared with £982m in the same period of 1984. Upstream oil and gas activities benefited from high sterling prices and increased volumes of gas sales.

Downstream earnings, including chemicals, were higher overall, but lower in North America. The company's treasury also suffered from the decline of sterling against the dollar in the quarter, losing £102m on foreign exchange transactions, compared with losses of £14m in the first quarter last year.

Oil and gas earnings for the quarter were £1.26bn (£1.01bn) on a reported, and £1.11bn (£965m) on an estimated cost of supplies basis—increases of 25 per cent and 15 per cent respectively.

Compared with the first quarter 1984, group equity crude oil production improved by 2 per cent to 1.66m (1.63m) barrels daily; group natural gas sales volumes increased by 12 per cent to 8.04bn (7.16bn) cubic feet daily.

Larger oil and gas exploration and production earnings of £947m (£741m) reflect the benefits of weaker sterling, higher natural gas sales and prices and increased equity crude production, partly affset by the impact of greater exploration expense.

While reported earnings from oil and gas manufacturing, marine and marketing operations increased from £269m to £315m, earnings on an estimated current cost of suppliesb asis were lower when compared with the same quarter of 1984. There was continued widespread difficulty of recovering, in local currency proceeds, supply cost increases caused by the stronger U.S. dollar.

Chemicals earnings were largely unchanged at £83m (£80m). Provisions of £50m for rationalisation and consolidation of metals activtiies contributed to a £76m loss (nil) in this sector.

Coal earnings improved slightly to £5m (£3m) due to higher sales tonnages and favourable exchange rate movements.

Corporate expense was £131m higher at £159m due mainly to currency exchange losses of £102m (£14m), arising out of the sudden weakening of the dollar against most other major currencies at the end of the first quarter 1985.

Shell Oil's dollar net income for the quarter was 9 per cent lower. Reduced selling prices for crude oil, refined products, chemicals and natural gas liquids more than offset the benefits of lower Windfall Profit Tax and raw material costs, and higher crude oil production.

The contribution to group sterling net income increased however, by £63m to £219m, reflecting the lower average sterling/dollar exchange rate and the higher group shareholding. The latter accounts for £35m of the increase, after providing £32m towards amortisation of the excess of the cost over book value of the share of net assets acquired.

Funds generated amounted to £2.83bn (£2.37bn) for the quarter. Net working capital declined by only £38m (£541m) in the period, after excluding £529m for the effect of the reorganisation of refining and marketing operations in Japan.

Despite a decline in volumes held, the sterling value of inventories increased, but this was outweighed by a rise in current tax payable. Depreciation, depletion and amortisation increased by £221m to £819m mainly due to the effect of weaker sterling. Cash and short-term securities were up by £853m (£1.06bn) in the quarter.

See Lex

UK COMPANY NEWS

Alexander Nicoll looks at Bunzl's £117m bid for Brammer

City favourite's diversification move

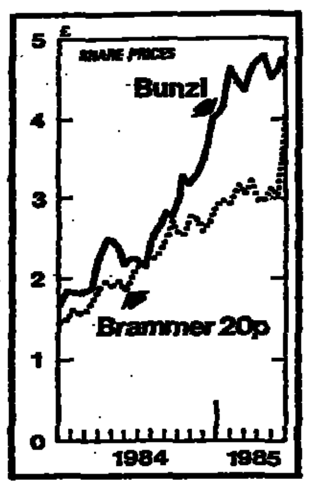
FOUR YEARS ago, says Mr James Whiate, "you wouldn't have given tuppence" for the chances of survival of Bunzl's core business—the manufacture of cigarette filters.

As the world's largest maker of filters, Bunzl was threatened by the decline of smoking, by the falling market share of Imperial Group, then its major UK customer, and by a growing trend among cigarette manufacturers including Imperial to produce filters themselves.

Now, the picture is very different. Bunzl has not only slimmed down its filter division so that it makes a healthy profit from filters and, increasingly, from spin-off products. More importantly, it has become a significant distributor and merchant of paper and plastic products, especially in the U.S. where its activities now account for more than half its turnover and profits.

"We know what makes for success in distribution," said Mr White yesterday, explaining the rationale behind the company's bid for Brammer. "Control of gross margins and net margins, and very tight control of working capital."

Brammer, which distributes bearings, power transmission equipment and electronic components at short notice to industrial customers, would not have immediate synergy in terms of the products it supplies. But,



added Mr John Farago, another Bunzl director, "all our businesses are very service-orientated, providing quick and comprehensive service to industrial users."

Bunzl's shares were among the strongest performing on the Stock Exchange last year and the company had been expected for some time to make an important diversifying move. In addition to providing a "fifth leg" to add to its "filtrona," merchanting, industrial and distribution divisions, the acquisition would redress the balance between the company's U.S. and UK activities—it also has important operations in Continental and other countries.

The emphasis placed by Bunzl on distribution owes much to Mr White, 47, who was appointed in 1980 as managing director after 10 years with SKF—like Brammer, a bearings group—and 10 years with Lex Service—which, like Bunzl, has grown rapidly in the U.S.

His arrival transformed the company, which had been run by the Bunzl family of which Mr Ernest Beaumont, the 63-year-old executive chairman, is the last member in the UK group. (He changed his name after coming from Austria and joining the British Army in the Second World War.) The family, which had developed the filter business out of an Austrian paper group founded in 1854, still controls American Filtrona, with which the UK Bunzl severed shareholding links last year.

Although Bunzl is a City favourite, its bid target has also won plaudits for its successful weathering of the UK recession and subsequent growth strategy. As well as having a dominant UK market share in cash-generative bearings distribution, Brammer has been developing in the power transmission and electronics field as well through seevral U.S. acquisitions.

ON APRIL 25 dinner at the Hyde Park Hotel, ostensibly to bury the hatchet after Bunzl had sold a potentially threatening 4.6 per cent stake in Brammer, yesterday became a focal point in an unusual three-cornered takeover fight.

Bunzl, launching its bid for the bearings distribution group, said that the meeting, which began as an early evening cocktail and was extended over six hours, was held at the invitation of Mr John Head, Brammer chairman. Brammer, according to Bunzl, suggested a further meeting to be held last Thursday, but cancelled it at short notice.

Last Friday, Brammer announced a bid for Energy Services & Electronics, a move which Bunzl is seeking to portray not only as ill-conceived but also as a defensive measure against a Bunzl bid for Brammer.

Readers of Bunzl's statement could also infer that Brammer instigated the talks to discuss a possible link with Bunzl — a deduction which, if true, would undermine Brammer's argument that Bunzl's bid for it lacks industrial logic.

This was firmly denied yesterday by Mr Robert Ffoulkes-Jones, joint managing director of Bunzl. He and Mr Head had met Mr James White, managing director of Bunzl, precisely because the paper group had sold its holding in Brammer and therefore apparently had no further interest in it. Mr White had explained why he had shown interest in Brammer, and the Brammer directors told him that there was no logic in a merger, according to Mr Ffoulkes-Jones.

Brammer also dismisses as nonsense Bunzl's contention that its ESE bid is a defensive ploy. It had been looking at ESE for some time, it says, but had been constrained by Bunzl's purchase of a stake in Brammer.

Whatever their disagreements, the three men got on well over dinner, according to Mr Ffoulkes-Jones. A lunch was suggested so that Mr Barry Ralph, the other Brammer joint managing director could meet Mr White. But it was called off as Brammer prepared its ESE bid. Yesterday's news, according to Brammer, then came as an unwelcome surprise.

The interpretation of these encounters will no doubt be just one of the issues in what promises to be a fight perhaps unprecedented in the City, with Brammer simultaneously to pursue a vigorous attack on ESE — which has yet to respond to its offer—and a stout defence against Bunzl.

There may even be a further twist. Peek Holdings, the shell company which secured acceptances from 49.7 per cent of the equity of ESE with its reverse bid last week, is free to bid again and is understood to be considering its position. The normal one-year waiting period after an unsuccessful bid does not apply if another offer emerges.

Active Clarke Nickolls down to £511,000

Property developer and investor Clarke Nickolls & Coombs suffered a setback in 1984 results, with its pre-tax profit falling from £900,000 to £511,000. Net assets were unchanged at 175p per 25p share.

Development activity resulted in a substantial amount of interest being charged to profit and loss in pursuance of not capitalising interest.

Turnover from the sale of land and building came to £342,000 (£2.19m). The majority of the 1983 figure was attributed to the sale of the Rosekiln Trading Estate, Reading, but that also led to a reduction approaching £200,000 from the rent roll.

Gross rents received were held at £1.01m.

Lettings completed in early 1985, say the directors, should increase considerably rental income in the year.

They are raising the dividend for 1984 from 6p to 6.3p net, with a final of 4.2p. Earnings per share were lower at 4.6p (10p).

Tax takes £273,000 (£388,000) and extraordinary charges £611,000 (£143,000) to leave an attributable loss £373,000 (profit £968,000). The extraordinary charge reflects the decision to provide £500,000 against the value of the investment in Tom Smith which has continued to incur losses.

In a move to upgrade the investment portfolio, several properties in Hackney were sold, which led to book losses, and substantial new investments were made.

During the year the company became active in the U.S., with schemes in Los Angeles and San Francisco. The directors feel the U.S. operation will be making a contribution to profits in 1986.

MAM ahead 8% at halfway

Management Agency and Music, the hotels, leisure and music group, has raised profits by some 8 per cent in the half year to January 31, 1985. Pre-tax figures rose from £818,103 to £886,910, on turnover ahead 7 per cent at £16.44m, against £15.31m.

Mr Gordon Mills, the chairman, says the results are in line with the forecast (in the last annual report) that profits for the full year were likely to be similar to the previous year's £1.83m pre-tax. This excluded the effect on profits of any settlement during the period of the Gilbert O'Sullivan law suit.

However, the chairman now warns that profits for the full year will be somewhat lower than previously anticipated.

An out-of-court settlement of the lnog-running legal dispute with Gilbert O'Sullivan, over royalties, was effected on March 29 at a acost to the group of around £1.8m. But Mr Mills says this sum should be considerably reduced as a result of tax relief.

The company is proceeding with arrangements for the proposed merger with the Chrysalis Group—one of Britain's most successful independent record companies. It will be making a revised profits forecast for the year in the circular to be sent to shareholders.

The inteim dividend is maintained at 2.8p net—last year's final was 5.95p. After tax of £384,298 (£395,389) first-half earnings per 10p share were up from a stated 5.06p to 6.02p.

● comment

With shareholders agog to hear the full details of the reverse takeover of MAM by Chrysalis, an indifferent set of interims scarcely made a ripple. Anyone who bought the shares before they were suspended at 162p in March will no doubt have done well, but not by dint of any improvement in MAM's performance. In February the company warned that this year's profits would be much the same as last year's (ignoring the £1.8m out of court settlement with Gilbert O'Sullivan). Now they say that they will be worse. Three of their divisions are independently to blame, which sounds more like bad management than bad luck. The machine division is still suffering at the hands of its monopoly buyers, the brewers; the video processing company is having trouble switching its emphasis from small to larger contracts, while the music shops bought last year have been more difficult to turn round than expected. Thankfully none of this matters much—provided the merger goes through, MAM will be swallowed up by the larger and more go-getting Chrysalis.

Charlie Browns coming to USM

BY LUCY KELLAWAY

Charlie Browns Car Part Centres is coming to the USM via a placing by Rensburg and Co of 1.8m ordinary shares at 76p each. Of the enlarged equity 29.98 per cent is being placed to raise £1.4m of which £705,000 represents new money for the company. The remaining shares are being sold by the company's joint managing directors, Mr Ian Harrison and Mr Andrew Bairstow, who will each retain more than 30 per cent of the equity following the flotation. At the placing price the company is capitalised at £4.6m.

Sharlie Browns is a retailer of car parts and spares based in Shipley. It has 33 outlets in the North of England selling a range of 12,000 parts, with facilities to fit the parts on the premises.

The number of outlets has been built up gradually since 1969, and the company plans to add a further five or six in each of the next three years.

In the year to July 1984, Charlie Browns made pre-tax profits of £210,000 on sales of £7.7m. The company steadily increased profits in each year to 1983 when it made £324,000; the downturn in 1984 reflected an increase in costs connected with the addition of 10 new outlets during that year.

The company says that these are now operating profitably, and will help lift profits to a forecast £575,000 pre-tax in the current year. In the first eight months the company made profits of £324,000.

Based on forecast 1985 profits, the shares at the placing price are on a price earnings multiple of 13, assuming a tax charge of 47 per cent. On an estimated full year's dividend of 2.5p the shares yield 4.7 per cent.

Dealings will begin on May 30.

SUN ALLIANCE INSURANCE GROUP

SUN ALLIANCE AND LONDON INSURANCE plc

ANNUAL GENERAL MEETING

The Annual General Meeting of Sun Alliance and London Insurance plc was held yesterday at the Head Office of the Company in Bartholomew Lane, London, E.C.2.

Lord Aldington, the Chairman, presided and in addressing the Meeting stated –

"Although we do not publish quarterly results you will know that it is my custom at the Annual General Meeting to tell shareholders of our experience since the end of the year. I need hardly remind you that the estimated results for one quarter cannot be taken as a reliable indication of the outcome of the full year.

At Home, the results have been badly affected by the exceptional losses from the severe winter weather at the beginning of the year, estimated to have cost £22M, as compared with the combined Sun Alliance and Phoenix extreme weather losses of £19.5M in 1984. Motor experience was also poor and, overall, there was an increased underwriting loss from our Home business.

Despite an improvement in the U.S.A. there was a further worsening in the overseas underwriting result; in particular, Canada and Australia produced significantly heavier losses – in Australia this was largely due to the January storms and floods in Brisbane, which are estimated to have cost £3.2M.

In aggregate, the underwriting losses have exceeded our investment income and life profits and we estimate, therefore, that we have again incurred a pre-tax loss for the first quarter."

A Vote of Thanks to the Chairman, Directors and Staff was proposed by Sir Timothy Bevan.

John Williams at £23,000

THE MODEST profit forecast by John Williams of Cardiff for the half year ended March 31, 1985, turns out to be £23,000. Interest charges have been cut to £150,000, but they remain a "heavy burden" and the directors are considering ways of reducing borrowings, some of which may require shareholders' approved.

In the six months of last year there was a loss of £84,000, after interest of £203,000, and this loss had risen to £270,000 by the year end. The company last made a profit in 1979-80.

Both the foundry side and steel stockholding and processing are profitable, and the directors expect them to remain so for the current year as a whole.

The foundry order book is satisfactory although the market remains very competitive. In steel stockholding and processing the business is, by its nature, sustained on a very short order book; and the company is well placed to take advantage of any increase in the general economic level of activity.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Irish Bank	5	July 10	5	9.5	9.5
Avon Rubber	2.2†	July 8	2	—	5
Bass ....int	3.7	July 22	3.3	—	12.9
Buckley's Brewery	1.9	July 5	1.7	2.7	2.45
Chamberlin & Hill	2.1	—	2	3.5	3.1
Clarke Nickolls	4.2	July 1	4	6.3	6
Guinness Peat ....int	0.8	—	0.6	—	1.4
Jersey General	8¶	July 31	7	13.25	12
Kingsley & Forrester	0.5	—	Nil	0.5	Nil
MAM ....int	2.8	June 18	2.8	—	8.75
MMT‡ ....int	1.2	July 10	1	—	3.25
Parkland Textile	3.2	July 12	3.2	4.8	4.8
Redfearn Glass ....int	Nil	—	Nil	—	0.1
Rolfe & Nolan	4‡	July 25	4	4	4
Scottish Investment int	2	July 15	1.7	—	5.17
Tunstall Telecom ...int	0.7	July 31	0.61	—	0.61
Whitbread	4.9	July 26	4.4	6.95	6.25
York Mount	3‡	—	3	5	5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Gross throughout.

Public Works Loan Board rates

Effective May 22

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	11¾	—	—	12⅛
Over 1, up to 2	11¾	11¾	11⅞	12¼	12¼	12⅜
Over 2, up to 3	11⅞	11⅞	11⅞	12⅜	12⅜	12⅜
Over 3, up to 4	11⅞	11⅞	11⅞	12⅜	12⅜	12¼
Over 4, up to 5	11⅞	11⅞	11¾	12⅜	12⅜	12¼
Over 5, up to 6	11⅞	11⅞	11⅝	12¼	12¼	12¼
Over 6, up to 7	11⅞	11¾	11⅝	12⅛	12	12⅛
Over 7, up to 8	11¾	11¾	11⅝	12	12	12⅛
Over 8, up to 9	11⅝	11⅝	11⅝	12	12⅛	12⅛
Over 9, up to 10	11½	11⅝	11½	12	12⅛	12
Over 10, up to 15	11½	11½	11¼	12⅛	12	11¾
Over 15, up to 25	11⅜	11⅜	11	11¾	11⅝	11⅝
Over 25	11	10¾	10¾	11½	11⅜	11⅜

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

NOTICE OF REDEMPTION

To the Holders of

Compañía Anónima Nacional Teléfonos de Venezuela

8¼% Guaranteed Sinking Fund Debentures Due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of December 15, 1972, providing for the above Debentures, $740,000 principal amount of said Debentures bearing the following serial numbers have been selected for redemption on June 15, 1985, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest thereon to said date:

OUTSTANDING DEBENTURES OF $1,000 EACH OF PREFIX "M" BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

03 13 21 33 37 98

ALSO OUTSTANDING DEBENTURES OF $1,000 EACH OF PREFIX "M" BEARING THE FOLLOWING NUMBERS:

3	1112	2212	3612	4512	7012	8012	10212	11612	13012	14112	14712
312	1912	3012	4012	4812	7512	8912	10412	12212	13912	14412	
612	2112	3312	4312	5912	7612	9812	11212	13512	14012	14612	

On June 15, 1985, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris and Zurich; Bank Mees & Hope NV in Amsterdam; Credito Romagnolo S.p.A. in Milan and Rome and Credit Industriel d'Alsace et de Lorraine, S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee with a bank in New York City. Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

Coupons due June 15, 1985 should be detached and collected in the usual manner.

On and after June 15, 1985 interest shall cease to accrue on the Debentures herein designated for redemption.

Compañía Anónima Nacional Teléfonos de Venezuela

Dated: May 8, 1985

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF $1,000 EACH

M 347	1302	3347	4197	6300	7985	9370	10070	10900	11947	12202	12797	13170	14885
461	1305	3370	4347	6361	7989	9389	10119	10902	11967	12205	12800	13336	14889
526	1336	3436	4370	7100	7990	9400	10126	10905	11970	12289	12802	13447	14897
531	1370	3447	4389	7105	7992	9402	10128	11270	11989	12302	12805	13789	14899
989	1436	3470	4461	7136	7999	9406	10261	11289	11990	12305	12870	13800	14900
1000	1447	3600	4469	7247	8015	9836	10266	11300	11997	12370	12889	13805	14902
1002	1470	3605	4470	7289	8136	9870	10268	11302	12000	12389	12936	13826	14905
1100	1500	3689	4473	7302	8185	9889	10270	11305	12002	12436	12970	13931	14970
1102	1502	3900	5236	7305	8189	9905	10289	11336	12005	12457	12989	13936	14989
1105	1570	3902	5247	7336	8192	9936	10290	11470	12036	12461	13000	13997	15000
1136	1870	3931	5270	7389	8194	9984	10366	11500	12047	12465	13002	14000	
1170	2036	3970	5289	7400	8197	9985	10600	11502	12070	12570	13005	14002	
1189	2605	4157	6136	7405	8199	9990	10602	11505	12089	12589	13036	14005	
1202	3036	4161	6147	7470	8200	10002	10605	11670	12100	12700	13070	14336	
1289	3084	4170	6170	7981	8202	10005	10870	11931	12189	12705	13085	14879	
1300	3336	4189	6289	7984	8205	10036	10889	11936	12200	12789	13131	14884	

OTTOMAN BANK

Notice is hereby given that a DIVIDEND at the rate of £5.50 per Share, voted at the General Meeting of Shareholders, held on 22nd May, 1985, will be PAYABLE on and after 12th June, 1985, in London at BARCLAYS BANK PLC, Securities Services Department, 54 Lombard Street, London EC3P 3AH. The Coupon to be presented is No. 112. The holders of Founders' Shares will receive an amount of £643 per whole Share payable on the same date and at the same place, against presentation of Coupon No. 55. Coupons must be listed on forms, which can be obtained on application from Barclays Bank and left for examination four clear days prior to payment.

UK COMPANY NEWS

Redfearn Glass hit by furnace rebuilding costs

Redfearn National Glass made a smallt rading profit of £67,000 in the half year to March 31 1985 as against a £186,000 loss last time. But after increased interest charges, there was a pre-tax deficit of £688,000 albetit lower than the previous £791,000.

The results were affected in particular by the complete redesign ad rebuild of a furnace at the company's Barnsley plant, at a cost of £1.7m. In the circumstances, there is again no interim dividend—last year's single payment was 0.1p net, on £225,000 pre-tax losses.

Sales for the half year of this glass and plastic container manufacturer were little changed at £27.4m (£27.32m). Interest charg £27.4m (£27.32m). Interest charges totalled £755,000 (£605,000). There was again no tax and stated loss per 25p share came out at 11.4p, against 13.1p.

On prospects, Mr J. L. C. Pratt, the chairman, says the glass container market continues to be very competitive, but overall the board believes that the trend of more profitable trading started last year will continue.

The board anticipates an improved level of demand for PET containers in the second half, although the outcome for the year of RN Plastics is unlikely to reach original expectations.

Sales of PET containers totalled £2.9m (£3m) for the half year. The fragmenting market for PET containers created a shortfall in sales prior to Christmas, but ths was rectified in the New Year by the addition of several new bottle sizes to the company's range. Sales were however, affected by the prolonged period of cold weather.

Mr J. L. C. Pratt, chairman of Redfearn.

Glass sales amounted to £24.5m (£24.3m). The performance of glass operations improved significantly in terms of output and quality, says Mr Pratt, and the rebuilt furnace at Barnsley will show substantial energy savings. He adds that the production equipment now includes the best and most recent technology and the total investment will yield continuing benefits.

Although price increases were aplied between Christmas and the end of March, the results were affected by increased costs caused by a large rise in fuel oil prices and higher interest rates. Despite these problems, trading in glass operations was better than original expectations.

Depreciation and furnace renewal expenditure (after crediting Government grants released) charged in arriving at trading results was £1.18m (£1.23m).

Mr Arthur Chaurch has been appointed group managing director.

● comment

Redfearn's shares fell 5p to 85p at virtually double the low yesterday, but they still stand point of six months ago which is a little surprising in the light of yesterday's dull interim figures and cautious statement. Even though there could be a small pre-tax profit for this year the outlook is hardly encouraging. Certainly the group has made the right moves in contracting its business to Barnsley, where it now has one of the largest and lowest cost plants of its type in the country. The move into PET is equally positive even though immediate profitability is being hacked down by cut-throat pricing throughout the sector as a whole. It was these developments which encouraged the rerating of recent months after some years of share price decline. Yet there must remain some nagging doubts over Redfearn's ability to return to respectable profit levels. The restructuring was costly and capital gearing remains around 130 per cent. Further property disposals at York are imminent but they might inject no more than £1m or so—not enough to make serious inroads into borrowings. The group needs long term capital but as long as interest charges are eroding most of the trading profits the share price is going to remain around current levels—where a rights issue is unlikely.

Guinness Peat in purchase to expand fund management

Guinness Peat, the financial services group, is to expand its fund management business by acquiring Temple Bar Fund Managers (TBFM) for £2.5m.

TBFM, which is controlled by Temple Bar Investment Trust, manages funds of about £140m. The deal will be paid for with £2m in cash and £500,000 in preference shares.

The ai mis to link TBFM with the investment management business of Guinness Mahon, the group's merchant banking subsidiary, and strengthen its presence in the institutional market where it is less well represented than in the private client market.

Guinness Peat also announced yesterday that pre-tax profits for the six months to March 31 1985 had risen by 61 per cent, from £4.2m to £6.8m. Because of the group's low tax rate following its earlier losses, net profits more than doubled from £2.5m to £5.1m. The dividend is being increased by one-third to 8p per share.

Lord Croham, the chairman, said he was confidenet that the group could continue its progress in its chosen fields of operation, but he warned that growth in percentage terms must ease. The group expects to continue to increase its dividends. "With a strong balance sheet we aim to be well-placed in the financial services sector in 1986 and beyond, with no burdensome commitments to the changing securities markets," he said.

The main profit contributor in the half year was Fenchurch Insurance, the broking subsidiary. Guinness Peat Aviation, the jointly-owned aircraft leasing company, also performed well. The acquisition of a 26 per cent holding in Britannia Arrow, the investment group, completed on March 15, did not affect the results.

The profit marks the third successive improvment in half-yearly results since Guinness Peat came out of the red in 1983.

Guinness Peat is considering floating off a portion of both Fenchurch and Guinness Peat Aviation, though that is not likely to happen this year. It has also been investigating the possibilty of buying a fund management business in the U.S.

Under its new chief executive, Mr Alastair Morton, Guinness Peat has been trying to regroup itself around finance and investment banking, and disposing of its other activities when the right opportunities arise. There is no immediate intention of trying to link the Temple Bar operations with Britannia Arrow, which has not shown great enthusiasm for the stake acquired by Guinness Peat.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Albion, Cronite, J. A. Devenish, Gomme, Higsons Brewery, Kalsey Industries, Maynards, Morland, National Australia Bank, Northern Industrial Improvement Trust, Pyke Holdings, RHP, Rembia Rubber, United Scientific.

Finals: Aberfoyle Holdings, British and Commonwealth Shipping, Cater Allen, Deritend Stamping, A. Goldberg, Hambros Investment Trust, Philip Hill Investment Trust, Milletts Leisure Shops, Plessey, Sandhurst Marketing, Toshiba, Young and Co's Brewery, Weeks Associates.

FUTURE DATES

Interims:
French (Thomas) .... June 13

Finals:
Argyll Group .... June 11
British Telecom .... June 19
Brown and Jackson .... June 5
Capital Gearing Trust .... May 27
Electronic Rentals .... June 10
Locker (Thomas) .... June 11
Northern Foods .... June 19
Valor .... June 12

Parkland to reduce borrowings

Parkland Textile (Holdings) lifted pre-tax profits by 25 per cent from £1.61m to £2.01m in the year to March 1, 1985. Shareholders however, a are to receive an unchanged dividend of 4.8p net folowing a same-again final of 3.2p.

The directors say that expansion is being financed partly out of profits and out of borrowings and in view of this, they do not feel justified in recommending a higher dividend in spite of the improved results.

A relatively high capital investment of £2.7m, directed mainly towards clothing manufacture, has enabled the company to take advantage of higher initial tax allowances — tax charge for the year was only £6,000 (£2,900).

This investment, combined with increased production and higher raw material prices and interest charges, culminated in a higher level of borrowing. It is now the company's policy to lower these borrowings.

The directors are confident that its strengthened management team will be able to achieve a profitable return on the investments they have made. However, the new additions to the clothing division will have difficulty in making a contribution in 1985-86.

The expansion of the clothing manufacturing division has proved to be more difficult and costly than was anticipated and this has affected the group's profitability.

The company is strengthening the management team in the clothing division and two new directors will join the company in June.

The results from the yarn and fabric divisions were on target for the year and currently their order books are at a higher level than the corresponding period last year. The directors are optimistic that these divisions will improve their results this year.

The directors say fluctuating exchange and higher interest rates make it difficult to plan and execute long term strategy, but they are confident about the future.

Turnover for the year was up 19 per cent at £48.33m (£40.66m). Interest charges increased from £419,000 to £621,000. Earnings per 25p share rose from 22.7p to 28.3p pre-extraordinary items.

Chamberlin & Hill £0.1m up with second half push

SECOND HALF profits from **Chamberlin & Hill** show a rise of £95,000 over the comparable period, and give £562,000 for the year ended March 31 1985, against £463,000. The dividend is lifted to 3.5p, from 3.12p, with a final of 2.1p.

Both the foundries and the electrical engineering division contributed to the increase. Turnover improved by more than £1m to £10.9m.

The directors say there is as yet little sign of balance between demand and supply in the grey iron foundry industry.

Despite the "undoubted difficulties" associated with this sector of industry, the financial position remains strong and, coupled with the other diversified activities, "provides a degree of optimism for prospects," they tell shareholders. NO 21—7½/8

On the electrical side, demand for Petrel's products (flameproof enclosures and switchgear) did not improve as expected; the order bok is much healthier now but the pick-up came too late to benefit the year. Conduit Fittings was helped by a satisfactory order book with improved margins, and had a good year, the directors say.

Tax takes £223,000 (£178,000) to leave earnings at 9.57p (8.05p). There is an extraordinary debit of £19,000 (£670,000) being deferred tax provision.

Sun Alliance incurs first quarter loss

THE BIG freeze in the early weeks of this year cost **Sun Alliance Insurance Group** £22m in severe weather claims, stated its chairman Lord Aldington at yesterday's annual meeting.

This was some £2.5m more than was paid out on last year's severe storms which occurred during the first quarter.

This was a major cause of Lord Aldington's warning to shareholders that underwriting losses have increased during the first quarter of this year and exceeded investment income and life profits, so that a pre-tax loss was incurred during the quarter. A loss was recorded in the first quarter last year.

The company, the largest house insurer in the UK, states that the number of severe weather claims this year was lower than in the first quarter of 1984, but the average claim payment was more than double.

The group's UK motor business was hit by rising claim ratios, and there was an increased underwriting loss of Sun Alliance's UK operations.

Severe weather also hit the group's Australian operations in the first quarter, with the storms and floods in Brisbane

Buckley's ahead £89,000

Llanelli - based **Buckley's Brewery** raised pre-tax profits by £89,239 to £934,947 in the year to March 31 1985, although second-half figures were lower at £430,490, against £480,758. Turnover for the 52 weeks improved from £11.57m to £11.83m.

Operating profits advanced from £907,483 to £1.12m. A divisional analysis shows: Beers £1.01m (£771,789); cider £28,884 (£25,675); wines and spirits £52,567 (£57,020); llan minerals £21,620 (£18,053); and other minerals £16,693 (£17,151).

Tax took more at £344,659 (£50,800) leaving stated earnings per 25p share lower at 4.2p (5.7p). The dividend total however, is up from 2.45p to 2.7p net, with a final of 1.9p.

Beer duty amounted to £2.02m (£1.82m) and repairs to licensed properties came to £344,997 (£484,896).

Renwick nears £1m profit

Profits of the continuing businesses of the **Renwick Group** of boat builders and international coal traders have incerased significantly. In the year 1984 the pre-tax balance came to £951,000, compared with £575,000 in the previous nine months. To the 1983 period, however, must be added £446,000 from Renwicks Travel, which was sold in the December.

Turnover for the year totalled £38.35m, against £57.58m including Renwicks Travel. Tax takes £384,000 (£56,000) to leave the net profit at £567,000 (£965,000) for earnings of 5.1p (8.7p) per share.

There are extraordinary credits of £1.4m (£1.55m) which mainly represent the surplus on the settlement of an insurance claim in respect of a property.

APV improves

At the annual meeting Sir Ronald McIntosh, chairman of **APV Holdings**, said results in the first four months of the year showed a useful improvement over the comparable period last year. The order intake continued at a satisfactory rate, he added, as did the level of inquiries. "The rationalisation programme referred to in the annual report is proceeding as planned," he stated.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1984							
1st qtr.	104.0	99.0	103	107.7	122.7	2,998	147.0
2nd qtr.	102.0	99.9	107	110.2	130.1	3,026	154.0
3rd qtr.	102.4	101.4	107	111.1	133.3	3,076	165.1
4th qtr.	[illegible]	[illegible]	[illegible]	113.6	164.0	3,103	166.5
October	102.9	100.3	100	112.0	139.9	3,100	170.5
November	103.2	101.0	100	112.7	149.6	3,102	167.6
December	103.7	101.6	104	115.6	194.9	3,108	161.3
1985							
1st qtr.	105.5	101.8		112.6	133.9	3,138	157.5
January	104.6	100.3	100	111.6	134.4	3,124	157.2
February	105.0	101.8		112.0	130.2	3,144	156.1
March	107.0	103.2		113.8	136.5	3,147	159.2
April				114.4			

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1984							
1st qtr.	100.1	93.9	110.5	96.2	113.5	95.9	16.2
2nd qtr.	101.4	95.7	105.3	97.9	106.0	97.2	18.8
3rd qtr.	101.9	98.2	104.6	100.9	109.2	97.8	16.2
4th qtr.	102.0	97.5	106.5	99.4	107.0	99.2	13.3
October	102.0	97.0	106.0	99.0	106.0	99.0	16.5
November	102.0	97.0	107.0	99.0	108.0	99.0	13.9
December	102.0	99.0	107.0	100.0	107.0	100.0	9.5
1985							
1st qtr.	103.4	97.9	110.1	99.7	108.8	99.8	
January	103.0	96.0	110.0	98.0	102.0	98.0	11.7
February	103.0	99.0	109.0	100.0	109.0	99.0	13.2
March	105.0	100.0	112.0	101.0	115.0	102.0	16.7

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); excluding reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1984							
1st qtr.	108.7	112.1	−57	+623	+2,322	97.3	16.75
2nd qtr.	107.3	117.1	−1,228	−592	+1,543	96.9	15.51
3rd qtr.	108.0	119.8	−1,643	−621	+1,804	96.7	15.26
4th qtr.	117.5	126.1	−1,327	+641	+1,468	96.1	15.52
October	115.4	131.2	−807	+201	+373	96.4	15.35
November	118.0	120.8	−177	+303	+352	95.9	15.50
December	119.2	126.2	−344	+136	+743	96.0	15.69
1985							
1st qtr.	118.5	124.8	−1,245	+16	+1,976	95.5	14.80
January	116.5	118.2	−76	+341	+928	96.0	15.52
February	121.5	124.4	−270	+131	+681	95.0	15.35
March	117.6	131.8	−900	−456	+367	95.6	13.53
April							14.03

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending £m	Base rate %
1984							
1st qtr.	4.1	10.1	8.2	13.6	2,609	2,868	8.50
2nd qtr.	4.6	24.5	11.1	18.9	1,795	2,870	9.25
3rd qtr.	5.3	10.2	6.3	9.9	1,628	2,809	10.50
4th qtr.	9.6	24.3	13.4	16.9	2,492	2,941	9.63
September	4.4	7.3	4.0	2.4	887	891	10.50
October	6.7	18.5	9.6	11.4	1,125	1,003	10.50
November	9.9	27.3	18.6	17.1	363	967	9.63
December	12.2	27.2	12.1	22.4	1,004	971	9.63
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,146	13.50
January	5.0	9.0	13.6	16.3	823	1,166	14.00
February	3.1	−5.0	4.6	13.3	474	1,008	14.00
March	−1.3	−1.2	9.2	16.0	214	972	13.50
April	5.4	22.2	18.8	19.5	507		12.63

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1984							
1st qtr.	153.6	133.6	129.0	343.9	321.7	308.67	81.7
2nd qtr.	155.9	134.3	132.0	350.9	329.1	305.06	79.8
3rd qtr.	159.6	134.1	132.8	353.9	326.8	288.95	78.0
4th qtr.	164.1	140.1	134.3	358.3	326.8	289.64	74.1
September	159.9	135.2	133.3	355.5	324.9	288.95	77.2
October	164.2	137.9	133.9	357.7	326.2	292.40	75.6
November	162.8	139.2	134.3	358.8	326.6	289.89	75.7
December	165.3	143.4	134.9	358.5	327.6	289.64	74.1
1985							
1st qtr.	165.4	146.2	136.6	362.9	332.8	295.22	72.0
January	163.4	145.3	135.9	359.8	330.6	296.98	71.5
February	164.6	147.6	136.6	362.7	332.5	295.73	71.3
March	168.2	145.6	137.5	366.1	335.4	295.22	73.3
April		142.0	139.0	373.9	338.8	295.08	78.0

* Not seasonally adjusted.

UK COMPANY NEWS

Tunstall Telecom ahead to £1.7m at half year

Tunstall Telecom Group, which achieved a full listing in December, has announced a 38 per cent increase in its interim pre-tax profits of £1.71m against £1.24m previously.

For the six months ended March 31 1985, the results of the group, which makes and supplies elederly persons' emergency communications equipment, include figures relating to Munford & White, an alarms producer, acquired in October. The comparative figures have accordingly been restated to include Munford & White's results.

The interim dividend is increased 0.7p to (0.61p) net. The 0.61p total last year was paid on profits of £2.53m. Stated net earnings are shown as 6.5p (5.8p) per 5p share.

Mr Michael Dawson, the chairman, says that the group's "excellent results' have been achieved despite the imposition of severe restraints on Local Authority expenditure by the Government. Strong marketing and tight overhead controls have substantially overcome this difficulty, he says, and the group is confident of maintaining its growth throughout the rest of the year.

He adds that although Tunstall's traditional market place will continue to expand, new markets are in the course of development to lessen the group's dependence on the public sector. The benefits of these major initiatives will begin to come through in 1985-86.

The past six months has been a period of consolidation for Munford & White, the chairman said. After substantial pre-acquisition losses it is now progressing satisfactorily.

The group's Piper range remains an undisputed market leader, Mr Dawson says, following the introduction of Piper Pendant and Piper Network Controller, the group is alunching a domestic emergency communication product, Piper Lifeline.

This, together with the Piper Network Controller, will open up new opportunities in both the public and private sectors. Development costs for these products charged against profits, amount to £850,000, of which £400,000 was incurred during the period.

Turnover for the half year improved ffrom £7.11m to £9.8m, generating an operating profit of £1.76m (£1.22m), after costs and overheads of £8.03m (£5.89m), which include £42,000 of expenses incurred in obtaining the full listing.

● **comment**

Tunstall Telecom has taken slightly longer than it expected in turning around Munford and White, but with new management in place there is every sign that the acquisition is moving in the right direction. M&W broke even in the first half and hopes to make profits in the second. Meanwhile, Tunstall's traditional business is still buoyant despite the restraints on local authority spending—presumably because care of the elderly remains a high priority. So far, Tunstall's work has come from sheltered housing — the next steps areto sell alarms for old folk in their own homes—be they council houses or privately-owned. The company can approach this in two ways—first by working hand-in-hand with local authorities and second by linking-up with a retailer to sell alarms direct to the public. Clearly, such a switch in markets will involve start-up costs and will probably take the company into a more competitive field than it has been used to — but the potential rewards from selling much larger numbers of alarms are considerable. The shares, up 20p to 300p, are well up with events — on full-year profits of £4.4m and a 40 per cent tax charge they change hands ona multiple of 17.

37% drop in Rolfe & Nolan profit

A DROP of 37 per cent, from £571,000 to £360,000, in pre-tax profits is reported by Rolfe and Nolan Computer Services for the year ended February 28 1985. However, the dividend is being held at 4p net per share.

Turnover moved ahead by 6 per cent to £2.59m, but the trading profit before depreciation fell by 26 per cent, from £842,000 to £619,000. This, say the directors, reflects a 17 per cent rise in operating charges in both the Futures Accounting and Commercial Services Division, stemming from a full year's cost of the investment in additional software personnel.

The Commodity Futures bureau sales remained steady throughout the year although at a slightly lower level than 1983-84. The changing emphasis within the Commercial Services from bureau sales towards systems sales continued, with an increased contribution from sales of the Command manufacturing and distribution system.

Despite the fall in profits, the directors are confident that the substantial investment in software personnel is contributing to growth prospects.

The redeveloped Commodity Futures Accounting System is being actively marketed and is expected to lead to an increase in the client base. The Commercial Division is introducing the Command system into a number of specialist markets.

Tax is lower at £118,000 (£219,000), equal to 33 per cent (38 per cent), reflecting capital expenditure of £410,000 coupled with the reduction in corporation tax rate. This leaves a net profit for the year of £242,000 (£352,000) equal to earnings of 9.6p (14.1p). In the previous year there was an extraordinary charge of £397,000.

Excluding the investment in finance leases of £332,000, net cash and short term deposits totalled £467,000 (£557,000).

Restructuring completed at NEI

At the annual meeting of Northern Engineering Industries yesterday, Sir Duncan McDonald, the chairman, said that the fundamental structure of the group was now established and its rationalisation programme completed. This would be reflected in a lack of extraordinary expenditure in the current and coming years.

He said that 1984 had not been one of the easiest years. The group's project company had experienced difficulties with two major power stations, one in the Sudan and the other in India.

Other areas of difficulty had arisen from the duration of the miners5 strike, the strength of the U.S. dollar and the weakness of the South African rand. In addition, the tax charge for the year had been high, representing 41 per cent of taxable profit. The group expected the effective rate to be reduced in 1985.

The year had also had many good facets. The UK companies achieved profits of over £40m, losses in North America had been reduced from £11m to £4m, and the order book at the year end stood at £1.1bn.

Sir Duncan said he had accompanied Lord Young on his recent British Mission to China, and that NEI had taken steps to be well-placed for a share of business there.

For the future, he said that the benefits of restructuring, the costs of which had been fully provided, would flow throughout this year and beyond.

The return to profitability of the U.S. and Canadian companies was heartening, he said, and added that the group looked forward to reaping the benefits of the actions that had been taken.

● Mr J. A. Floyd, the chairman of Christie's, said at the annual meeting that during the past six months the company had undertaken a major expansion in New York, which had a good reception.

He said that the market in the first few months of the current year had been healthy. After an exceptional 1984 they had more than maintained the momentum. Turnover had increased in the first four months over the comparable period.

● At the annual meeting of James Neill Holdings, Mr Hugh Neill, the chairman said that sales in the first four months had shown an increase both on the preceding four months and on the corresponding period last year.

On prospects for 1985, Mr Neill repeated to shareholders that they were good. He said that expenditure already incurred in plant and machinery, plus existing commitments, totalled £2.3m and that substantial expenditure would also be incurred in 1985 in implementing the next stage of the g roup's reorganisation.

The chairman said that negotiations were well advanced for the sale of the Napier Street site for around £1m.

● At the annual meeting of Brown Boveri Kent (Holdings) Mr E. Bielinski, the chairman told shareholders that orders for the first few months of 1985 generally across the group remained well up on the equivalent period.

Turnover in the first quarter had been below expectation, but the second quarter was progressing satisfactorily. With the improving order book, particularly on the newer products, a further profits advance for the full year was anticipated.

Kingsley & Forester makes £1.77m

THE ENLARGED Kingsley and Forester Group has made a pre-tax profit of £1.77m for the nine months ended December 31 1984, compared with £1.13m in the previous year. The dividend for the period is the promised 9.5p net.

Formerly known as K. O. Boardman International, the company is a garment retailer and wholesaler. Last November, it merged with Kingsley and Forester, which makes and imports household textiles, in a reverse take over and raised additional funds of £1.9m.

Prior to the acquisition the group made a profit of £167,000, against a forecast of £150,000, Kingsley and Forester made £1.66m for the year, compared to a forecast of £1.58m. Overall, turnover for the period came to £30.17m (£32.73m).

Trading in the current year is progressing well and forward orders have for the first time exceeded £10m. The integration of the two groups is at an advanced stage, and should be completed by August, the directors report.

The directors state that two small acquisitions are being negotiated and would add £5m to turnover. These steps, with other plans for expanding activities, will enable the group to achieve further growth for the future.

Monks Investment

Monks Investment Trust raised net asset value per 25p share from 184.8p to 198.8p over the year to April 30, 1985.

Stated earnings per share improved from 2.15p to 2.24p and the dividend is maintained at 2.4p net with a 1.3p final.

Gross investment income came to £4.12m (£4.32m)

COMPANY NEWS IN BRIEF

Yearling bonds totalling £9.4m at 12½ per cent, redeemable on May 28 1986, have been issued by the following local authorities.

Alnwick District Council £0.25m; Ogwr Borough Council £0.4m; Roxburgh DC £0.5m; Cumbernauld and Kilsyth DC £0.25m; Mendip DC £0.5m; Chesterfield (Borough of) £1m; Dundee (City of) DC £1m; Edinburgh (The City of) DC £1.5m; Allerdale DC £0.25m; Medina BC £0.5m; Swale BC £0.75m; Aberdeen (City of) DC £1.5m; Cynon Valley (Borough of) £0.25m; Gosport (Borough of) £0.75m.

* * *

Personal Assets Trust increased net asset value per 12½p share to 40.26p as at April 30 1985, a rise of 25.3 per cent over the previous 32.13p.

In line with a policy of paying out residual income in full, the dividend for the year is 0.2p net, against the company's initial payment of 0.4p for 1983-84.

Gross income for the 12 months was little changed at £183,000 (£184,000). Net revenue was £30,000 lower at £32,000, after higher interest and expenses and tax. Earnings per share are stated at 0.21p (0.45p).

The trust was created with private investors in mind and a firm commitment to long term capital growth. The performance is regarded as encouraging over the short period of one year.

* * *

The costs incurred in obtaining new business were reflected in first-half figures of Craton Lodge & Knight Group, the USM quoted new product development concern. Although turnover rose by £0.15m to £1.39m, pre-tax profits for the six months to March 31, 1985 fell from £223,000 to £130,000.

Last month at the annual meeting, Mr David Craton, the chairman, had forecast a lower interim result. However, a substantially high current level of fee revenues menas that the outcome for the full year will be satisfactory. Last year, £485,000 pre-tax was earned.

A first interim dividend of 0.5p net is declared. Stated earnings per 1p share dropped from 2.48p to 1.11p, after tax of £67,000 (£90,000).

* * *

The Far East interests of paper merchant Spicers International, which went into receivership in February, have been sold to Price & Pierce (Holding Co Ltd), the London-based market wood pulp merchants. The sale, which represents about 80 per cent of Spicer International's interests overseas, was concluded by receivers Guy Parsons and Alan Milnes of accountants Peat Marwick.

* * *

The Scheme of Arrangement to effect the merger of Majedie and Barlow has been sanctioned by the Court and an order has been made confirming the reduction of capital of Barlow for which it provides. It is expected that the Scheme will become effective on May 24.

At 3 pm on May 17, elections for the cash alternative had been received in respect of 17.83m Barlow scheme shares. If satisfied in full, they would require the payment by Majedie of £20.49m.

The maximum cash available under the cash alternative is £20m, and accordingly all elections will be satisfied in respect of approximately 97.6 per cent of the number of Barlow scheme shares in each form of election.

Holders of those Barlow scheme shares in respect of which the election for the cash alternative does not take effect, will receive 777 new Majedie shares for every 1,800 such Barlow scheme shares and in proportion for any other number of Barlow scheme shares.

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Bank	12½%
American Express Bk.	12½%
Henry Ansbacher	12½%
Amro Bank	12½%
Associates Cap. Corp.	13 %
Banco de Bilbao	12½%
Bank Hapoalim	12½%
BCCI	12½%
Bank of Ireland	12½%
Bank of Cyprus	12½%
Bank of India	12½%
Bank of Scotland	12½%
Banque Belge Ltd.	12½%
Barclays Bank	12½%
Beneficial Trust Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
CL Bank Nederland	12½%
Canada Permanent	12½%
Cayzer Ltd.	12½%
Cedar Holdings	13 %
■ Charterhouse Japhet	12½%
Choulartons**	
Citibank NA	12½%
Citibank Savings	¶12½%
Clydesdale Bank	12½%
C. E. Coates & Co. Ltd.	13½%
Comm. Bk. N. East	13 %
Consolidated Credits	12½%
Co-operative Bank	*12½%
The Cyprus Popular Bk.	12½%
Dunbar & Co. Ltd.	12½%
Duncan Lawrie	12½%
E. T. Trust	13 %
Exeter Trust Ltd.	13½%
First Nat. Fin. Corp.	13½%
First Nat. Secs. Ltd.	13½%
■ Robert Fleming & Co.	12½%
Robert Fraser & Ptns.	13½%
Grindlays Bank	‡12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
Heritable & Gen. Trust	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	12½%
Hongkong & Shanghai	12½%
Johnson Matthey Bkrs.	13 %
Knowsley & Co. Ltd.	13½%
Lloyds Bank	12½%
Edward Manson & Co.	13½%
Meghraj & Sons Ltd.	12½%
Midland Bank	12½%
■ Morgan Grenfell	12½%
Mount-Credit Corp. Ltd.	12½%
National Bk. of Kuwait	12½%
National Girobank	12½%
National Westminster	12½%
Northern Bank Ltd.	12½%
Norwich Gen. Trust	12½%
People's Trust	14 %
Provincial Trust Ltd.	13½%
R. Raphael & Sons	12½%
P. S. Refson	12½%
Roxburghe Guarantee	13½%
Royal Bank of Scotland	12½%
Royal Trust Co. Canada	12½%
■ J. Henry Schroder Wagg	12½%
Standard Chartered	‖12½%
TCB	12½%
Trustee Savings Bank	12½%
United Bank of Kuwait	12½%
United Mizrahi Bank	12½%
Westpac Banking Corp.	13 %
Whiteaway Laidlaw	13½%
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.

* 7 day deposits 8½%. 1 month 10¼%. Top Tier—£2,500+ at 3 months notice 12½%. At call when £10,000+ remains deposited.

‡ Call deposits £1,000 and over 9½% gross.

‖ 21-day deposits over £1,000 10¼%.

¶ Mortgage base rate.

** See Provincial Trust Ltd.

§ Demand deposits 9¼%.

UK COMPANY NEWS

BAGS rejects £63m bid from Shires Investment

BY CHARLES BATCHELOR

British American & General Trust (BAGS), a £60m trust which has been moving into high technology stocks over the past year or so, yesterday rejected a £63m takeover bid from Shires Investment, a £10m trust managed by Stanecastle Assets.

Shires, a high income trust, has launched its bid just 10 days before completion of a £4.2m investment by BAGS in seven unquoted U.S. high technology companies. This deal will lead to the issue of 3.8m new BAGS shares, E.6 per cent of its existing equity.

The bid is conditional on this deal not going through, though Shires may waive this condition, it said yesterday.

Mr Willie Forsyth, joint founder of Stanecastle, said the U.S. investment involved the largest increase in BAGS' capital which did not require shareholders' approval and claimed a "substantial number" of shareholders had objected to the plan.

BAGS, which is managed by Kleinwort Benson, the merchant bank, described the Shires approach as "ill-conceived and totally inadequate." Shires made an initial approach to BAGS on Tuesday for discussions but was rebuffed.

Mr Forsyth said: "We specialise in investment trusts and we will retain funds in the sector. Kleinwort's do *not* have the same affiliation to the investment trust sector."

Shires intends to carry out a "substantial reorganisation" of BAGS' portfolio to invest in high income stocks.

Mr Bobby Nicolle, a director and chairman designate of BAGS, said: "If you remove the premium over net assets from Shires' share price then they are offering less than our net asset value. The institutions are always asking us to do something new and special. It would be disappointing if they sold us out after we have moved our portfolio into the indsutries of the future."

Shires will make an offer for BAGS comprising a mixture of shares, convertible loan stock and warrants which put a value of 126p on each BAGS' share.

It will make an alternative cash bid, worth 109.8p, which has been underwritten by County Bank.

BAGS' shares rose 1p to 111p yesterday while Shires' fell 14p to 220p.

The paper bid is worth 109.09 per cent of the formula asset value, the usual calculation for valuing investment trusts, subject to a maximum of 1[illegible]p, while the cash bid represents 95 per cent of this formula.

The bid is to be made in the form of consideration units comprising five Shires ordinary shares, £10 worth of 11 per cent convertible loan stock and two Shires warrants. The units had a market value at May 20 of £25.85p and an underwritten value of £22.50p.

Shires is offering 100p cash for each of BAGS' 887,000 cumulative £1 preference shares.

Stanecastle has grown rapidly since it was set up by Mr Forsyth and Mr Ian Buchanan Smith in 1982. Its first venture was to reorganise and expand Yorkshire and Lancashire Investment Trust. It took on Shires in early 1984 and now has about £40m worth of assets under management.

Earlier this month is disclosed plans to absorb the management team running Scottish Northern Investment Trust, a £178m fund.

Analysts said this rapid expansion must be stretching the small Stanecastle management team while the high yield achieved by Shires' portfolio raised doubts about the quality of its investments.

● Proposals to restructure London Trust into a venture capital fund managed by U.S.-based **Hambrecht & Quist** were formally issued yesterday after winning acceptances from institutional holders of 64.8 per cent of its ordinary shares.

Shareholders are offered a cash alternative worth 90 per cent of asset value. Mr Henry Berens, the managing director, who plans to vote against the proposals, would get £115,000 compensation for loss of office if the proposals are approved at an EGM on June 14.

Unilever sells Nairn for over £30m

By Martin Dickson

Unilever, the Anglo-Dutch food and consumer products group, is selling Nairn International, which claims to be Britain's biggest manufacturer of floor and wall coverings, to Forbo SA of Zurich, the large decorative products group. No price has been disclosed, but the deal is understood to be worth £30m-£40m.

The sale forms part of Unilever's new strategy of concentrating on its "core" businesses and selling off peripheral activities. It is one of Unilever's larger disposals, though still small relative to the size of the group.

Nairn produces vinyl wall coverings (brand names include Mayfair, Kingfisher and Contour) and vinyl floor coverings (Cushionflor and Arena). It is also Britain's only manufacturer of linoleum, with an 80 per cent market share.

Forbo is the Swiss holding company of a "federation" of European decorative products companies, with manufacturing plants in seven countries and sales companies in a further nine.

Nairn had a 1984 turnover of nearly £90m and employs about 2,300 people. It has three manufacturing sites — Cramlington in the north east, Lancaster, and Kirkcaldy, Scotland. More than 50 per cent of production is exported.

Forbo, with a 1984 turnover of about £190m, employs some 3,000 people, but at present has no manufacturing plants in the UK.

Nairn is profitable, but the UK decorative products market generally has been depressed in recent years. Reed International sold its large Crown and Sunworthy wallpaper subsidiaries earlier this year to Borden, the U.S. company, and is also negotiating the possible sale of Sanderson, one off he UK's best-known furnishing fabric manufacturers.

Unilver has disposed of over a dozen companies in the last year and made over 30 acquisitions over the last two, all in core areas.

MINING NEWS

Campbell severs link with Royex Gold

BY GEORGE MILLING-STANLEY

As Canada's Teck Corporation presses on with its efforts to become the second gold mine in production in the exciting Hemlo goldfields in north-western Ontario, the position of its 45 per cent partner International Corona Resources has changed once again.

In a series of related transactions, Campbell Resources has severed all connections with Royex Gold Mining, which acquired control over International Corona in December 1983. This has been achieved through Campbell's sale for C$25.65m (£14.6m) of a 30 per cent interest in Royex to International Corona.

Corona, meanwhile, has announced its intention of increasing its interest in Royex to an eventual 50 per cent, which would leave the two companies with stakes of about half in each other.

The link between the two creates a Canadian gold producer of considerable potential. The Tech/Corona mine at Hemlo is expected to come into production in July at a cost of some C$150m, and its gold output will add significantly to Canada's current production.

Beyond that, Royex owns 50 per cent of the Renabie gold mine, 50 per cent of Mascot Gold Mines, 100 per cent of the Cullaton Lake/Shear Lake gold prospect and the right to earn 51 per cent of Inca Resources' Rich Gulch gold deposit by bringing a mine into production.

A new chairman, president and chief executive has been appointed to both companies. He is Mr Peter Steen, who formerly held these positions with Inspiration Resources, the Canadian arm of South Africa's Anglo American Corporation.

Mr Murray Pezim, who funded Corona's initial exploration at Hemlo, becomes vice-chairman of that company.

For Campbell's chairman, Dr Richard Lister, the deals mark the end of a dream of joining the leaders in Canadian gold production, at least for the time being. The company has been suffering heavy losses for some time, and the financial returns which will eventually accrue, especially from the investment in Hemlo, are just too distant for comfort.

In addition, a number of the Royex properties need further development finance.

Dr Lister said yesterday that the funds raised through the sale of the interest in Royex will be used to reduce bank debt. He added that Campbell intends to maintain a strong presence in base and precious metals, but effectively the company is left with its copper-gold properties in the Chibougamau area of Quebec and a few gold exploration activites.

MINING NEWS IN BRIEF

Copper production from the Rio Tinto Zinc group's Palabora mine in South Africa will be adversely affected for the remainder of this year and in 1986 bey the development of new cracks in the shells of the mine's two autogenous mills. The extent of the impact on output cannot be quantified as yet, RTZ said yesterday.

The new cracks in the procesing plant appeared unexpectedly as repairs to earlier cracks neared completion. Palabora has decided to buy replacement mill shells, but delivery and installation are expected to take betwen 15 and 18 months.

* * *

Occidntal Petroleum of the U.S. has announced that it has reached basic agreement on the final terms of its $60m joint venture to develop the An Tai Bao surface coal mine in China's Shanxi province, after more than four years of negotiation. The formal agreement is expected to be signed by Jun 30.

The mine will be the largest open pit ever developd in China, with a dsign capacity of over 15m tons of coal a year. The joint veture is between China National Coal Development and a company owned jointly by Occidental and the Bank of China Trust and Cousultancy Company.

* * *

The financially-troubled U.S. copper producer **Phelps Dodge** has annuonced that mining at its operation in Bisbee, Arizona, is to cease indefinately.

Copper production at Bisbee ended in 1975, but the company has subsequently been exploring the site for gold and silver. This programme has failed to discover ore which would be economically recoverable under present conditions.

A small coppr leaching and precipitating operation at Bisbee will continue as long as it remains profitable, Phelps Dodge said, but its workforce, currently 91 employees, will be gradually reduced to 25.

Essex builder sells stake in C. H. Bailey

North East Essex Building Company, an Essex housebuilder run by Mr Raymond Raymond, has sold its entire holding of 450,000 "B" shares in C. H. Bailey, the Cardiff-based shiprepairer. It was believed still to hold 2.55m "A" shares, which have lower voting rights.

Mr Raymond was among critics of Mr Christopher Bailey, the company's chairman, at a New Years Eve annual meeting.

Belgrave

Belgrave Holdings has acquired from General Electric Company its printing subsidiary, Albert Frost and Sons. The company, which is located in Rugby, will change its name to Belgrave Frost.

Reorganisation benefits double York Mount profit

With the help of reorganisation, the **York Mount Group** has almost doubled its profit, from £105,000 to £202,000, in 1984. The final dividend is held at 3p for an unchanged 5p net total, although there is a substantial tax charge and the dividend costs more, following conversion of the non-participating shares.

All the main board directors, with the exception of Mr G. A. Linley, have agreed to waive their dividend entitlement.

Mr H. Turpin, the chairman, says the reorganisation of the construction and partitioning division led to its turnover being doubled to £3.04m and a turnround from a loss of some £4,000 to a profit of £90,000. The work load is over £2.5m and profits are expected to show an increase in the current year.

The rent roll from investment properties continued to rise and is approaching £250,000 annually. Profit from the printing subsidiary was not as good as last time, but turnover and profits are forecast to improve in 1985.

The tax charge for 1984 was £92,000 (credit £27,000) of which £36,000 related to prior years, leaving a net profit of £110,000 (£132,000) for earnings of 2.8p basic compared with 13.2p and 3.3p fully diluted. Cost of the dividend is £84,000 (£50,000) and last year there was an extraordinary charge of £22,000.

Contracts and Tenders

Personal

Legal Notices

VIGERS, STEVENS AND ADAMS LIMITED
AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 30th day of June 1985 to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned P. W. J. Hartigan of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, the Joint Liquidator of the said Company, and, if so required by notice in writing from the said Joint Liquidators, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 24th day of April 1985.
P. R. COPP
P. W. J. HARTIGAN
Liquidator or Liquidators

IN THE MATTER OF THE COMPANIES ACT 1948 AND SLOANROW LIMITED

NOTICE IS HEREBY GIVEN Pursuant to Section 293 of the Companies Act, 1948 that a Meeting of the Creditors of the above-named Company will be held at the offices of Single & Co., Chartered Accountants, 35 New Broad Street, London EC2 on 31st May 1985 at 3.30 p.m. for the purposes mentioned in Sections 294 and 295 of the Said Act.

Dated this 10th May, 1985
By Order of the Board,
R. ANGELL,
Director.

Company Notices

Bank of Tokyo (Curaçao) Holding N.V.
(Incorporated with limited liability in the Netherlands Antilles)
£30,000,000
GUARANTEED FLOATING RATE NOTES DUE 1990

Unconditionally Guaranteed by
The Bank of Tokyo, Ltd.
(Incorporated with limited liability in Japan)

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three months period 21st May, 1985 to 21st August, 1985 has been fixed at 12⅛ per cent. per annum. Coupons No.7 will therefore be payable on 21st August, 1985 at £1,606 · 85 per coupon from Notes of £50,000 nominal and £160 · 68 per coupon from Notes of £5,000 nominal.

S.G. WARBURG & CO. LTD.
Agent Bank

NEDERLANDSE UNILEVER BEDRIJVEN B.V.
formerly VAN DEN BERGH'S EN JURGEN'S FABRIEKEN N.V.

5.5% Preference and Ordinary 'X' sub-shares issued by N.V. Nederlandsch Administratie- en Trustkantoor

Dividends for 1984 of 5.5% (Fl.0.88) and 13.6425% (Fl.0.408275) respectively will be paid on and after 23rd May 1985. To obtain these dividends, certificates must be listed on forms obtainable from, lodged with for marking, and left for five clear days for examination by one of the following:

Midland Bank plc, Stock Exchange Services Department, Mariner House, Pepys Street, London EC3N 4DA.
Northern Bank Limited, 2 Waring Street, Belfast BT1 2EE.
Allied Irish Banks Limited, Securities Department, Stock Exchange, Bank Centre, Ballsbridge, Dublin 4.
Clydesdale Bank PLC, 30 St. Vincent Place, Glasgow

from which banks fuller details of the dividend may be obtained on and after 24th May 1985.

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

London Transfer Office,
Unilever House, Blackfriars,
London EC4P 4BQ.
22nd May 1985.

N.V. NEDERLANDSE GASUNIE

UA 20,000,000 11¼%
1981/1988 BONDS

On May 8, 1985 Bonds for the amount of UA 1,000,000 have been drawn for redemption in the presence of a Notary Public. The Bonds will be reimbursed coupon No. 5 and following attached on and after July 1, 1985.

The numbers of the drawn Bonds are as follows:
13961 to 14960 incl.

Amount outstanding: UA 18,000,000.
Outstanding drawn Bonds:
6169 to 6178 incl. 6276 to 6279 incl. 6289 to 6291 incl. 6309 to 6311 incl. 6386 to 6401 incl. 6490 and 6491. 6568. 6592 to 6594 incl. 6618 to 6622 incl. 6631 to 6635 incl. 6683 to 6686 incl. 6907 to 6909 incl. 6927 to 6930 incl. 6935 to 6942 incl. 6951 to 6979 incl. 6980 to 6995 incl. 7000 to 7005 incl. 7018. 7022 to 7029 incl. 7083 to 7085 incl. 7091 to 7095 incl. 7100 to 7111 incl. 7116 to 7120 incl. 7126 to 7129 incl. 17119 to 17123 incl. 17344 and 17345. 17371 to 17377 incl. 17529 to 17531 incl. 17544 and 17545. 17564. 17618. 17645 and 17646.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg,
May 23, 1985.

ALLIED IRISH BANKS P.L.C.

Notice is hereby given that the Transfer Books of the Company will be closed from 17th to 21st June 1985, both dates inclusive, for the purpose of preparing warrants for the Final Dividend in respect of the year ended 31st March 1985, which will be posted to Shareholders on 5th July 1985.

By Order of the Board
D. B. Motyer
Secretary

Bankcentre, Ballsbridge
Dublin 4.
23rd May 1985

US $100,000,000
Hydro Quebec 11½%
Debentures Series DX
due 15th June 1980/92

Debentures covering
US$5,000,000
have been purchased on the market to satisfy the Purchase Fund due 15th June 1985

HONEYWELL INTERNATIONAL FINANCE, N.V.
US$100,000,000 10¼ PER CENT GUARANTEED DEBENTURES 1990

Holders of these Debentures are advised that copies of the Financial Statements for the year ended 31st December, 1984 of the abovenamed Company and copies of the Honeywell Inc., Annual Report 1984 are available from:
S. G. Warburg & Co. Ltd.,
Bond Department,
33, King William Street,
London, EC4R 9AS.

BANK LEUMI LE-ISRAEL B.M.

NOTICE IS HEREBY GIVEN that the 34th Annual General Meeting of the Company will be held at its Registered Office, 24-32 Yehuda Halevy Street, Tel Aviv, on Thursday, the 6th day of June, 1985, at 10.30 o'clock in the forenoon, for the purpose of:

1. Receiving and considering the Accounts and Reports of the Directors and Auditors for the year ending 31st December, 1984;
2. Electing Directors and approving the payment of their fees;
3. Electing Auditors and fixing their remuneration;
4. Transacting any other business of the Company required to be dealt with at such Meeting.

A member entitled to attend and vote at such Meeting may appoint a proxy to attend and vote on his behalf. Such proxy need not be a member of the Company.

By order of the Board
A. SULLAM, Adv.
Secretary.

Tel Aviv,
23rd May, 1985.

U.S. challenges EEC with major dairy sale, Page 48

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Thursday May 23 1985

ØØ

WALL STREET

Rate doubt challenges optimism

THE OPTIMISM seen during recent trading was challenged on Wall Street yesterday amid fresh doubts about the future course of interest rates, *writes Terry Byland in New York.*

The stock market quickly dipped in opening business, with the reporting tape lagging behind the trading floor for a time as sellers unloaded blue-chip stocks.

Stocks rallied sharply in the final half hour of trading, however, enabling the Dow to move over the 1,300 level. After showing a fall of around ten points for most of the session, the Dow Jones industrial average closed a net 5.94 points down at 1,303.76. Turnover of 101.8m shares denoted an active session.

Dr Henry Kaufman, the chief economist at Salomon Bros, warned the National Council of Savings Institutions, meeting in New Orleans, that interest rates would soon rise again as the economy recovered. He foresaw a setback in bonds as the Federal Reserve "begins the first tightening action to lift the federal funds rate." He added that the timing for this was "difficult to predict."

However, Federal funds remained comfortably below 8 per cent yesterday and modest rises in money market rates indicated little more than realignment after the substantial falls of recent sessions. Bond prices were ¼ point off but above their lows.

Many analysts disagreed with Dr Kaufman, and some continued to predict that the Federal Reserve may even have to cut its discount rate again in order to re-stimulate the economy. The rise of 1 per cent in April orders for durable goods was in line with expectations, but once again the figures masked a sharp dip in non-defence orders.

Interest rate-sensitive issues to weaken included banks, where Bankers Trust fell $1⅛ to $72¼, Chase Manhattan $¾ to $59⅝ and J. P. Morgan $1 to $51⅛. Utility stocks, with heavy capital commitments, dipped sharply on interest rate nervousness.

Similar worries lowered stocks in the motor industry, where sales are affected by credit rates. General Motors eased $⅞ to $69¾, Ford $⅞ to $42⅝ and Chrysler $⅞ to $35½.

Stock in General Dynamics rallied by $1⅞ to $70⅞ after falling heavily on Tuesday. The chairman announced that he is leaving the company after the U.S. navy temporarily banned the company from new contracts. McDonnell Douglas fell $1 to $73¼ and Boeing $¼ to $63½.

In chemicals, a weak feature was Du Pont, $1¼ down at $58. Drug stocks gave up part of their recent gains, with Merck slipping $⅜ to $107¾.

There was selling of IBM, down $¼ at $132⅝, and other computer issues to lose ground included Honeywell, $¼ off at $61, Burroughs $⅜ off at $65⅝ and Digital Equipment, $1¼ down at $106⅞.

Pan American held on to its new 52-week high of $6⅝ but domestic carriers were unsettled by labour problems at United, $⅛ off at $46.

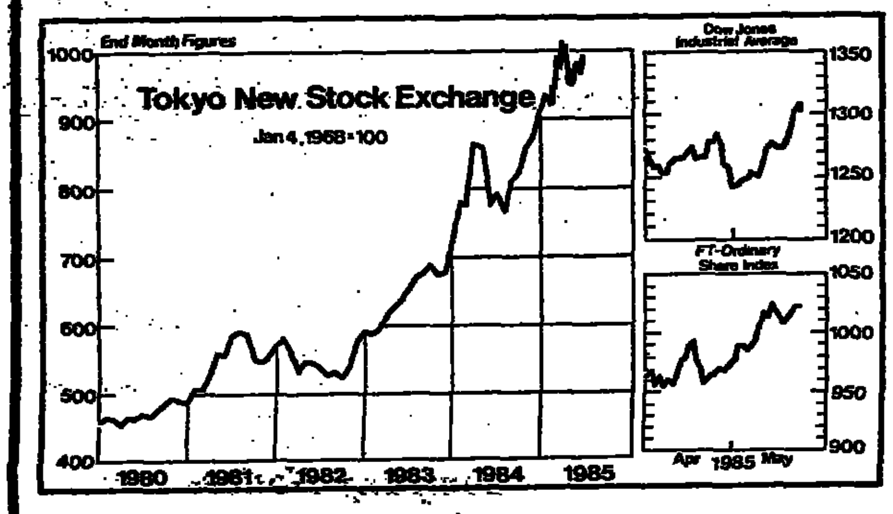
Among bid stocks, Trans World Airlines added $¼ to $17¼ in response to Mr Carl Icahn's offer of $18 for the 76 per cent of the equity not yet owned by him. The when-issued Unocal stock jumped $1⅞ to $34⅛ in heavy trading, while the existing stock traded around $35⅛.

Tobacco stocks continued to give ground as the market awaited the courtroom testing of anti-cancer suits. At $77⅞, R. J. Reynolds shed $1 and Phillip Morris lost $⅜ to $86⅝.

In the credit markets, bond prices abandoned an attempted rally after Dr Kaufman rejected suggestions of another cut in discount rate in the near future. Trading in bonds was not heavy, however, and prices stabilised with half-point losses.

The short end, bracing itself for the sale of $9m in two-year Treasury securities, as well as $850m at the regular monthly bill auction, was helped by a further dip in federal funds to 7$\frac{5}{16}$ per cent. However, cash flows were influenced by the weekly bank settlement operation.

KEY MARKET MONITORS



STOCK MARKET INDICES

	May 22	Previous	Year ago
NEW YORK			
DJ Industrials	1,303.76	1,309.7	1,116.62
DJ Transport	622.90	626.22	470.88
DJ Utilities	161.98	163.57	125.19
S&P Composite	186.56	189.64	153.88
LONDON			
FT Ord	1,020.9	1,020.2	847.6
FT-SE 100	1,333.8	1,334.1	1,084.6
FT-A All-share	642.98	641.92	505.80
FT-A 500	705.49	703.9	553.19
FT Gold mines	484.9	481.5	642.8
FT-A Long gilt	10.74	10.74	10.66
TOKYO			
Nikkei-Dow	12,697.35	12,650.18	10,061.9
Tokyo SE	995.59	991.22	790.28
AUSTRALIA			
All Ord.	888.5	898.0	700.6
Metals & Mins.	562.0	574.1	464.5
AUSTRIA			
Credit Aktien	95.03	95.09	54.86
BELGIUM			
Belgian SE	2,253.85	2,233.78	—
CANADA			
Toronto			
Metals & Minls	2,026.4	2,053.8	1,917.0
Composite	2,708.1	2,739.7	2,219.3
Montreal			
Portfolio	132.96	135.05	106.61
DENMARK			
Copenhagen SE	190.36	189.35	188.99
FRANCE			
CAC Gen	223.1	223.0	173.3
Ind. Tendance	124.2	124.2	89.3
WEST GERMANY			
FAZ-Aktien	439.29	438.63	351.80
Commerzbank	1,285.9	1,283.8	1,019.8
HONG KONG			
Hang Seng	1,599.64	1,612.22	923.77
ITALY			
Banca Comm.	319.64	318.74	205.89
NETHERLANDS			
ANP-CBS Gen	209.8	209.3	163.8
ANP-CBS Ind	170.2	170.7	130.7
NORWAY			
Oslo SE	339.57	341.52	289.46
SINGAPORE			
Straits Times	822.45	825.58	932.17
SOUTH AFRICA			
JSE Golds	–	960.1	957.5
JSE Industrials	–	1,068.9	975.4
SPAIN			
Madrid SE	111.33	110.77	85.65
SWEDEN			
J & P	393.32	1,396.35	1,468.38
SWITZERLAND			
Swiss Bank Ind	434.3	435.2	370.8
WORLD	May 21	Prev	Year ago
Capital Int'l	212.2	212.8	177.9

GOLD (per ounce)

	May 22	Prev
London	$316.75	$317.50
Zürich	$316.75	$315.25
Paris (fixing)	$317.49	$315.83
Luxembourg	$317.25	$316.30
New York (June)	$316.15	$317.95

* *Latest available figure*

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	May 22	Previous	May 22	Previous
$	–	–	1.264	1.272
DM	3.0765	3.067	3.895	3.895
Yen	250.65	250.25	317.0	318.5
FFr	9.385	9.355	11.885	11.87
SwFr	2.5865	2.584	3.275	3.2875
Guilder	3.4765	3.4575	4.3975	4.4
Lira	1,963.5	1,951.5	2,484.0	2,483.0
BFr	61.95	61.55	78.35	78.3
C$	1.3685	1.3725	1.7355	1.745

INTEREST RATES

	May 22	Prev
Euro-currencies (3-month offered rate)		
£	8	12⅝
SwFr	5¼	5¼
DM	5$\frac{9}{16}$	5$\frac{9}{16}$
FFr	10$\frac{5}{16}$	10$\frac{5}{16}$
FT London Interbank fixing (offered rate)		
3-month U.S.$	8	8
6-month U.S.$	8⅛	8¼
U.S. Fed Funds	7⅝	7$\frac{7}{16}$
U.S. 3-month CDs	7.6	7.6
U.S. 3-month T-bills	7.28	7.28

U.S BONDS

Treasury		May 22* Price	Yield	Prev Price	Yield
9⅝	1987	101$\frac{9}{32}$	9.07	101$\frac{7}{32}$	9.04
11⅝	1992	106$\frac{14}{32}$	10.40	106$\frac{17}{32}$	10.39
11⅝	1995	104	10.58	104$\frac{4}{32}$	10.57
11¼	2015	103$\frac{9}{32}$	10.876	103$\frac{19}{32}$	10.84

Corporate	May 22* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	100½	10.25	99⅛	10.50
3⅞ July 1990	80¼	8.75	78½	9.25
8⅝ May 2000	82	11.25	80½	11.50
Xerox				
10⅝ March 1993	98½	10.90	96⅝	11.25
Diamond Shamrock				
10⅝ May 1993	96½	11.30	96¼	11.35
Federated Dept Stores				
10⅝ May 2013	92	11.20	80½	11.50
Abbot Lab				
11.80 Feb 2013	102¼	11.55	100	11.80
Alcoa				
12¼ Dec 2012	101⅝	12.05	99.213	12.35

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	74–29	75–14	74–28	75–08
U.S. Treasury Bills (IMM) $1m points of 100%				
June	92.75	92.77	92.68	92.74
Certificates of Deposit (IMM) $1m points of 100%				
June	92.27	92.29	92.23	92.26
LONDON				
Three-month Eurodollar $1m points of 100%				
June	91.98	92.00	91.94	91.94
20-year Notional Gilt £50,000 32nds of 100%				
June	105–20	105–30	105–17	105–19

COMMODITIES

(London)	May 22	Prev
Silver (spot fixing)	488.40p	486.50p
Copper (cash)	£1,210.50	£1,174.00
Coffee (July)	£2,082.50	£2,076.50
Oil (spot Arabian light)	$26.675	$26.675

EUROPE

Restraint takes hold after rises

A GENERAL easing of buying pressure was evident in European bourses yesterday as investors stepped back to assess prospects after the recent sharp advances.

Despite the weaker tone, underlying confidence remained to leave most markets at or near record levels.

In **Frankfurt**, the Commerzbank index moved to another record with a 2.1 rise to 1,285.9, although profit-takers appeared during late trading to trim it back from the peak.

Foreign investors showed interest again in banking and automotive stocks. Deutsche Bank topped trading in the section, moving to a record of DM 501 at one stage before easing to close up DM 12.30 at DM 499.50. Dresdner added DM 1.50 to DM 227.50 and Commerzbank was DM 3 higher at DM 188.

Daimler-Benz was the outstanding performer among automotive stocks as investors reflected confidence in the company's purchase of Dornier and the move into high technology that it will bring. The company's shares added DM 14.50 to DM 745.50.

KHD led the machine maker sector on news of a solid annual profit with the shares closing DM 5 higher at DM 248.50. Elsewhere in the sector, MAN firmed DM 2.50 to DM 156 and Linde added DM 2 to DM 451.

VEW's announcement of a share issue encouraged buyers to push the shares up DM 7.50 to DM 140, while among other utilities GHH added 50 pfg to DM 150.50.

A minor technical setback occurred in bond trading in response to the recent gains.

Leading stocks in **Paris** held their gains from earlier in the week with indicators virtually unchanged.

The construction sector showed the most marked selling following its recent strength. Dumez fell FFr 20 to FFr 705, while Bouygues eased the same amount to finish at FFr 830.

Banks were the most keenly sought sector during thin trading in **Amsterdam.** ABN added Fl 1.50 to Fl 442.50, while mortgage bank WUH firmed Fl 1.80 to Fl 99.80 after gaining Fl 2.50 at the opening.

Insurer Aegon added 50 cents to Fl 193.50 ahead of the group's strong first-quarter results.

Royal Dutch also advanced on encouraging earnings to close Fl 2 higher at Fl 206.80.

Profit-taking appeared in **Zurich,** centring on blue chips. Second line companies held their ground to close largely steady.

Stocks edged forward in **Brussels** with improvement especially notable in the utilities sector in the wake of lower domestic interest rates.

Vieille-Montagne continued to rise on speculation that it may face a takeover offer and ended BFr 250 higher at BFr 7,210.

Concern over domestic interest rates continued to place a restraining influence on trading in **Stockholm.**

Volvo added SKr 2 to SKr 245 before the announcement of reduced first-quarter earnings, while Electrolux was the most actively traded stock and fell SKr 4 to SKr 289.

The tempo of trading in **Madrid** picked up, although volume remained light.

From an uncertain start, **Milan** made ground and a broad range of stocks ended marginally ahead.

SOUTH AFRICA

TRADING in Johannesburg was listless, but an improved international price for bullion helped gold shares to end firmer.

Buffels gained R2 to R86 and Driefontein added 50 cents to R52. Mining financials and other miners shadowed golds, with Gencor R1.75 higher at R32.25 and Rustenburg Platinum 30 cents ahead at R17.10.

Banks and industrials were higher where changed, continuing the recent trend on softer local interest rates.

TOKYO

Early gains eroded by profit-taking

HELPED by Wall Street's continued advance, institutional and small investors stepped up buying to send share prices moderately higher in Tokyo, although late profit-taking eroded some early gains, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average gained 46.98 to 12,697.35 at one stage, surpassing its April 3 peak of 12,683.26, but closed 23.20 points higher at 12,673.57. Advances outpaced declines by 411 to 376, with 156 issues unchanged. Volume increased from Tuesday's 606.57 shares to 751.16m.

Mitsubishi Heavy Industries was supported by foreign, institutional and individual buying and topped the active list with 89.41m shares traded to close Y9 up at Y287. Nippon Steel, the second busiest issue with 58.56m shares changing hands, advanced Y6 to Y159 and Tokyo Gas, the fifth with 24.39m shares, added Y9 to Y217.

Tokyo Electric Power gained Y50 to Y1,950, Kansai Electric Power Y50 to Y1,710 and Kawasaki Steel Y6 to Y149.

Fuji Electric, on a turnover of 28.16m shares, advanced Y18 to Y389 on its development of solar batteries using amorphous alloys.

Investor interest in biotechnology-related stocks remained strong. Asahi Chemical gained Y15 to Y1,010. Mochida Pharmaceutical and Sanraku each scored daily limit gains of Y500 and Y50 to Y10,870 and Y1,020, respectively.

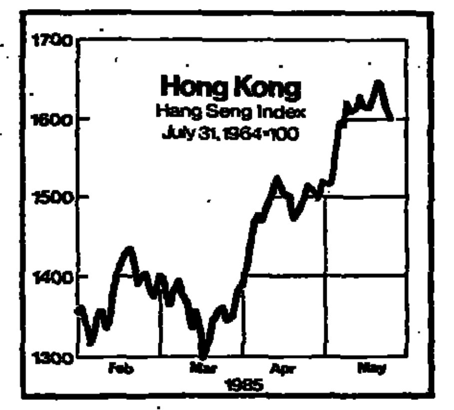
Green Cross added Y170 to Y2,800, Yamanouchi Pharmaceutical Y140 to Y3,130 and Dainippon Pharmaceutical Y120 to Y4,640.

Mitsubishi Petrochemical, attracting institutional and foreign support, registered a daily allowable rise of Y80 to Y520.

Asset-rich stocks firmed, with Nippon Express rising Y13 to Y394, Tokyo Tatemono Y40 to Y643 and Tobu Railway Y10 to Y296. However, blue chips turned lower and trading houses eased off under profit-taking pressure.

Bond trading was active with investors buying in view of the downward revision of U.S. economic growth in the first quarter of this year.

Buying interest in 7.3 per cent government bonds due in December 1993 revived and the yield fell sharply from Tuesday's 6.645 per cent to 6.595 per cent. The yield on 6.8 per cent government bonds, maturing in December 1994 and replacing the 7.3 per cent bonds as the benchmark issue, also declined from 6.635 per cent to 6.615 per cent.



HONG KONG

A LACK of incentive and late profit-taking took Hong Kong lower in moderate trading.

The Hang Seng market index fell 12.58 to 1,599.64, the first time the index has dipped below 1,600 since May 7.

Hongkong Telephone dropped substantially, ending HK$1 lower at HK$94. Other stocks to ease included Bank East Asia, 30 cents lower at HK$27.20 and Jardine Matheson, off 20 cents at HK$11.20.

Among the few gainers, Green Island Cement put on 10 cents to HK$8.80, while Hongkong Wharf remained unchanged at HK$6.50.

SINGAPORE

INVESTORS continued to move out of stocks in Singapore where volume was light and most issues were mixed to slightly lower.

Poor economic growth figures remain a dampening influence.

Gentings, which has seen substantial gains during the past two weeks, slid by 15 cents to S$6.35. DBS was also lower at S$6.35, off 5 cents and Keppel Shipyard dropped 4 cents to S$1.57.

LONDON

Takeovers stimulate activity

INTENSE takeover activity in the morning session ensured another firm performance in London. The much rumoured offer for leading retailer Debenham, up 35p at 362p, duly arrived at the opening when Burton Gorup, 44p ahead at 502p, announced a shares and cash offer worth £450m or 326p for each Debenham share at overnight price levels.

The FT Ordinary share index at 1pm came within a point of its all-time high of 1,024.5, but subsequently drifted back on light afternoon profit-taking to settle only 0.7 up at 1,020.9.

In all this excitement, gilts were overshadowed and initially eased back with sterling which lost ground against the dollar and some other leading currencies.

The losses were more prevalent among longer-dated maturities, while short- and medium-life issues maintained a firm stance in light trading.

Chief price changes, Page 40; Details, Page 41; Share price information, Pages 42–43

AUSTRALIA

SYDNEY continued to move lower as investors consolidated profits made from record gains posted earlier this month.

Resource issues bore the brunt of market sentiment with Western Mining down 22 cents to A$4.18 and BHP 10 cents lower at A$6.46 ex-scrip.

Brewer Castlemaine Tooheys rose 8 cents to A$5.48 against the trend after a special sale of 250,000 shares at A$5.46.

CANADA

A RETREAT from the strong eight-day advance took Toronto lower across the board in heavy trading.

Imperial Oil traded C$¼ lower to C$51⅜, Canadian Imperial Bank was C$¼ down at C$33⅜, Royal Bank shed C$⅛ to C$30 and Canadian Pacific at C$19⅞ was C$⅝ lower.

Most shares were lower in Montreal where banks experienced most losses.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23 1/2	16	AAR	.48	2.7	13	135	18	17 1/2	17 1/2	-1/4
18 1/2	9 3/8	AGS			12	33	14 1/4	14	14 1/4	
16 7/8	9 5/8	AMCA				7	11	10 7/8	11	
21 1/2	13 3/4	AMF	.50	2.7	53	577	19	18 5/8	18 5/8	-3/8
51 3/4	50	AMF pf4.95e		9.7		200	50 7/8	50 7/8	50 7/8	+1/2
47 1/8	24 1/4	AMR			10	1546	45 1/2	44 7/8	45 1/4	-1/4
21 3/8	18 5/8	AMR pf2 18		10.		109	21 1/4	21 1/8	21 1/8	
25 7/8	22 7/8	ANR pf 2.67		11.		432	24 1/4	23 3/4	24 1/4	+1/2
14 1/4	7 3/4	APL				2	8 3/4	8 3/4	8 3/4	-1/8
65 1/4	44 3/8	ASA		24.0		533	50 1/2	49 7/8	50 1/4	-1/8
27	14 1/8	AVX	.32	2.1	12	202	15 3/8	15	15 3/8	+1/8
24 7/8	16	AZP	2.72	11.	7	1843	24 3/8	24 1/8	24 1/8	-1/8
54 3/8	38 3/4	AbtLab 1.40		2.6	15	1206	53 7/8	53 1/8	53 3/8	-1/8
25 7/8	17	AccoWd .44		2.0	17	8	21 7/8	21 3/4	21 3/4	-1/8
20 3/4	12 1/2	AcmeC .40		2.9		48	14 1/4	13 3/4	13 7/8	-1/8
10 1/2	7 3/8	AcmeE .32b		4.1	10	38	7 7/8	7 3/4	7 7/8	
17 1/2	15	AdaEx 1.92g		11.		54	17 1/4	16 7/8	17 1/4	+1/8
19 1/2	8 5/8	AdvSys .60t		5.0	17	310	11	10 1/2	10 5/8	-3/8
41 1/8	25 1/8	AMD			12	2175	29	28 1/4	28 3/4	-1/4
12 3/4	6 7/8	Advest .12		1.3		328	9 5/8	9 1/8	9 1/4	-3/8
14 5/8	8 3/4	Aeroflex			12	147	12 7/8	12 3/4	12 7/8	
46 5/8	27 1/4	AetnLf 2.64		5.8	33	2324	45 1/2	44 7/8	45	-1/8
58 1/4	52 3/8	AetL pf5.83e		10.		11	56 1/4	56	56 1/4	+1/4

Continued on Page 39

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 40

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 38

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18	10¾	WyleLb	.32	2.7	9	27	11⅞	11⅜	11¾	
23⅜	17	Wynns	.60	3.3	7	7	18⅛	18	18⅛	+⅛

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
50½	33¼	Xerox	3	6.1	21	3379	49⅞	48⅞	49½	−½
54⅛	45¼	Xerox pf	5.45	10		12	54⅛	53⅞	53⅞	−¼
30	24	ZaleCp	1.32	4.8	9	20	27⅝	27¼	27⅝	+⅜
24⅝	12	Zapata	.84	6.9	24	185	12⅜	12¼	12¼	−⅛
73¼	32	Zayre	.40b	.6	17	1111	71¼	69¾	70½	−1
56	24	Zayre wi				1	55⅝	55⅝	55⅝	
30	18⅛	ZenithE			9	1467	22⅞	21¾	22⅞	+1
21⅞	14⅜	Zero s	.32	1.8	15	30	18	17¾	17¾	−¼
33⅛	21⅞	Zurn	1.32	4.0	11	84	32¾	32½	32⅝	−⅜

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

May 22	Price Schg	+ or —
Creditanstalt	533	....
Goesser	536	+6
Interunfall	1,100	+50
Laenderbank	321	+1
Perlmooser	361	—9
Steyr-Daimler	188	—6
Veitscher Mag	505	+5

BELGIUM/LUXEMBOURG

May 22	Price Frs.	+ or —
B.B.L.	1,960	+5
Banq. Int. A. Lux	6,000	....
Bekaert B	5,500	....
Ciment CBR	2,395	—5
Cockerill	225	+3
Delhaize	8,600	+50
EBES	2,846	+40
Electrobel	8,370	+10
Fabrique Nat	1,906	+5
GB Inno BM	3,155	....
GBL (Brux)	1,940	+20
Gevaert	3,665	....
Hoboken	5,420	—70
Intercom	2,125	+85
Kredietbank	8,340	—60
Pan Hldgs.	11,000	....
Petrofina	5,950	+60
Royale Belge	11,850	....
Soc. Gen. Banq	3,300	+10
Soc. Gen. Belge	1,875	+25
Sofina	6,900	—10
Solvay	4,255	+25
Stanwick Intl.	1,500	—10
Tractionel	4,020	+70
UCB	5,000	+65
Wagon Lits	2,985	+85

DENMARK

May 22	Price Knr %	+ or —
Andelsbanken	290	—6
Baltic Skand	535	....
CopHandelsbank	270xr	....
D. Sukkerfab	520	....
Danske Bank	298	—1
De Danske Luft	1,165	+20
East Asiatic	219	+4
Forenede Brygg.	990	....

GERMANY

May 22	Price Dm.	+ or —
AEG-Telef.	116.8	+1.8
Allianz Vers	1282xr	—5
BASF	213	—0.1
Bayer	224	—0.8
Bayer-Hypo	343	....
Bayer-Verein	349xd	+5
BHF-Bank	301	—4
BMW	382.8	+2.8
Brown Boveri	213.5	+0.5
Commerzbank	188	+3
Cont'l. Gummi	139.4	+0.4
Daimler-Benz.	745.5	+14.8
Degussa	346.5	—1.5
D'sche Babcock	161	+1
Deutsche Bank	498.5xd	+12.3
Dresdner Bank	227.5xd	+1.5
GHH	150.5	+0.5
Hochtief	490	+8
Hoechst	227	+1
Hoesch Werke	108.5	....
Holzmann (P)	431	+3
Horten	172	—1
Hussel	299	....
Karstadt	233	—2
Kaufhof	241	+4.2
KHD	249	+5.8
Kloeckner	68.1	—1.4
Linde	451	+2
Lufthansa	194	+3
MAN	156	+2.5
Mannesmann	156.3	—0.2
Mercedes Hld.	646.6	+12.1
Metallgesel	260.5	—1.6
Munech Rueck	1,370	....
Nixdorf	592.5	+1
Porsche	1201	+14
Preussag	281.5	+0.5
Rhein West Elect	168.5	+3
Rosenthal	268	—2
Schering	464	—1
Siemens	551.5	....
Thyssen	104.2	—1.7
Varta	212	+2.5
Veba	185.5	+0.5
V.E.W.	140	+7.5
Verein-West	317	—1
Volkswagen	241.5	—3.2

ITALY

NORWAY

SPAIN

SWEDEN

NETHERLANDS

FRANCE

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

JAPAN (continued)

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO
Closing prices May 22

MONTREAL
Closing prices May 22

OVER-THE-COUNTER *Nasdaq national market, closing prices*

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Auto Products	75	+ 5
Brammer	401	+53
Burton	502	+44
Christies Int	575	+15
Coats Patons	154	+ 5
Debenhams	362	+35
Etam	190	+10
Fisons	355	+10
Ford (Martin)	46	+ 4
Gencor	£12¾	+¾
Gill & Duffus	190	+43
Grattan	238	+14
Habitat Mother	384	+22
Harris Queens	238	+12
Higsons Brewery	172	+ 8
Menzies (John)	303	+ 7
Reckitt & Colman	548	+16
Reed Int.	570	+22
Smith (WH) A	256	+ 6
Tunstall Telecom	300	+20
Withbread A	221	+ 8

FALLS

Avon Rubber	293	—17
Energy Services	106	— 6
RHM	159	— 4
Rolfe & Nolan	142	— 4
Sons of Gwalia	108	— 9
Vickers	328	—10

Continued on Page 44

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 39

LONDON STOCK EXCHANGE

MARKET REPORT

Equity index edges nearer record high but takeover activity consumes interest

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 13	May 30	May 31	June 10
June 3	June 13	June 14	June 24
June 17	June 27	June 28	July 8

* "New-time" dealings may take place from 9.30 am two business days earlier.

Intense takeover activity throughout the morning session ensured another firm performance yesterday by the London equity market. The much-rumoured offer for leading retailer Debenhams duly arrived at the opening when Burton Group announced a shares and cash offer, worth £450m or 326p for each Debenhams share at overnight price levels. Only eight days ago, the Burton chairman said that Debenhams was not worth the then market valuation of £450m. Business in both stocks was extremely lively with Debenhams rising 35 to 362p on hopes of a counter-offer in the form of a management buy-out. Burton too surged higher to close 44 up at 502p.

The morning also brought a near-£120m offer for engineering concern Brammer from Bunzl, a £63m offer for British American and General Trust from Shires Investment Trust and news that commodity broker Gill and Duffus is involved in talks with an unnamed suitor which could lead to a bid.

All this, and a comforting performance from Wall Street which on Tuesday shrugged off news of a feeble economic growth to close at another record high, stimulated most equity sectors. The FT Ordinary share index, at 1.00 pm, came within a point of its all-time high of 1,024.5, but subsequently drifted back on light afternoon profit-taking to settle only 0.7 up on balance at 1,020.9.

Gilt-edged securities were overshadowed and initially eased back with sterling, which lost ground not only against the dollar but also some other leading currencies. The losses were more prevalent among longer-dated maturities but resumed overseas demand later reduced the falls to minimal proportions. Short and medium life issues maintained a firm stance throughout, although trade was light. Domestic interest was again inhibited by uncertainty over the market's ability to absorb the £850m of conventional and index-linked stocks recently issued by the authorities.

Jewellery designers and manufacturers Abbeycrest staged a successful debut in the Unlisted Securities Market; the shares, placed at 93p, opened at 105p and after momentary easiness closed at the day's best of 106p. Among other recently-issued equities, Asda Property Holdings firmed 4 to 180p.

Bass dropped to 554p on the second-half profits warning, which accompanied better-than-expected interim profits, but rallied smartly to close only 4 lower on balance at 568p. Elsewhere in Breweries, Whitbread rose 8 to 221p in response to the satisfactory preliminary profits, while Higsons gained 8 to 172p ahead of today's half-year figures. Allied Lyons hardened a penny to 194p and Scottish and Newcastle put on 2 to 140½p. Wines and Spirits featured Arthur Bell, which moved up 7 more to 155p.

Leading Buildings, buoyant on Tuesday in the wake of a couple of brokers' circulars, settled a shade easier in places. Selected Contracting and Construction issues continued to attract buyers and AMEC moved up 6 to 260p, while recently-overlooked John Mowlem firmed 4 to 218p. Among Timber issues, Meyer International, in which Adelaide Steamship has built a 4.87 per cent stake, hardened a penny to 141p, but John Carr slipped 2 to 88p pending the outcome of merger negotiations.

The Chemical sector remained a relative backwater, but British Tar Products provided an isolated bright spot at 107p, up 5.

Stores buoyant

Burton's bid for Debenhams set the Stores sector alight and current takeover candidates were eagerly bought on hopes of further offers emerging. Habitat Mothercare, which has an option with Burton for 20 per cent of Debenhams' floor space and refurbishment if the bid succeeds, jumped 22 to 384p. Harris Queensway, meanwhile, reflecting the current trading agreement it has with Debenhams, firmed 12 to 238p. Revived talk of an American bid lifted W. H. Smith "A" 6 to 256p, while Grattan jumped 14 to 238p, prompting a sympathetic improvement of 6 to 228p in Freemans. Combined English added 4 at 136p as did Martin Ford at 46p. J. Hepworth appreciated 5 to 212p. Etam, recently favoured after a broker's visit, gained 10 afresh to 190p and Superdrug closed the same amount better at 413p. John Menzies firmed 7 to 303p on further consideration of the acquisition of Early Learning from Fine Art Developments. Against the trend, Millets cheapened 5 to 165p, after 173p, following late nervous offerings ahead of today's preliminary statement.

Helped by the state of speculative activity, Thorn EMI moved ahead to 462p before settling 11 higher at 458p. Among other Electrical leaders, Racal made further progress to 204p, up 6, while Plessey closed 4 firmer at 174p awaiting today's preliminary statement. Tunstall Telecom, reflecting the increased interim dividend and profits, closed 20 higher at 300p, after 305p.

Leading Engineers passed a rather drab session. Vickers ran back 10 to 328p as recent speculative interest faded, while Hawker drifted off to close 6 cheaper at 431p. Among secondary stocks, APV rose 9 to 275p on the encouraging tenor of the chairman's annual statement. Speculative demand left Benjamin Priest 1½ higher at 12½p, while Johnson and Firth Brown closed a shade better at 19p, after 20½p, following comment on the interim figures.

Leading Foods displayed irregular movements. Tate and Lyle, mentioned as a possible bidder for Gill and Duffus, firmed 5 to 448p. J. Sainsbury, however, eased 4 to 338p on further consideration of the annual results. A fresh bout of profit-taking in the wake of the interim statement left Ranks Hovis McDougall 4 lower at 159p. Elsewhere, Maynards slipped 5 to 325p, but Pyke Holdings firmed that much, to 335p; both companies are due to announce half-year results today.

Ladbroke, a firm market on Tuesday following a broker's seminar, encountered profit-taking and gave up 6 to 279p. Elsewhere in the Hotel sector, USM-quoted Inn Leisure gained 7 to 60p in response to a newsletter recommendation.

Leading Miscellaneous Industrials were rarely altered, but Reed International advanced 22 to 570pb on opes of news regarding the possible sale of its wallpaper interests. Reckitt and Colman were also noteworthy for a rise of 16 to 548p. Elsewhere, Brammer featured a jump of 53 to 401p on news of the bid from Bunzl, down 7 at 465p. Energy Services closed 6 lower at 106p, after 100p; the Bunzl bid is conditional on the Brammer offer for Energy Services lapsing or being withdrawn. Avon Rubber dipped 17 to 293p on disappointment with the interim figures, while lower annual profits left Rolfe and Nolan 10 cheaper at 142p, after 135p. Redfearn National Glass eased 5 to 85p despite the reduced half-year loss. Further consideration of the chairman's annual statement at the annual meeting prompted support for Associated British Ports, 14 higher at 286p. Fisons continued to make progress at 355p, up 10, while Scapa Group, 458p, and Bestwood, 230p, improved 15 apiece. Christies International advanced 15 to 575p on the encouraging tenor of the chairman's annual statement, but further persistent small selling and lack of support left British Aerospace new shares 8 lower at 227p, after 224p. Pentland Industries rose 20 to 915p, while speculative interest left Pritchard Services 6 up at 92p and Evered a like amount dearer at 240p.

Lucas Industries, to the accompaniment of revived takeover speculation, rose 5 more to 305p, after 306p. Elsewhere in Motor Components, Automotive Products firmed 5 to 75p following the annual meeting.

Bunzl's offer for Brammer unsettled DRG, long rumoured to be at the top of Bunzl's shopping list, but after dropping to 169p the shares rallied smartly on renewed speculative support to close only a net penny easier at 175p. Elsewhere in Papers, Saatchi Saatchi jumped 25 more to 675p on further consideration of the interim results, while improvements of 20 and 30 respectively were seen in Carlton Communications, 710p, and Valin Pollen, 630p.

Properties were subdued and the leaders settled a shade easier. Among the second-liners, USM-quoted Trencherwood attracted occasional buying interest in a restricted market and rose 8 to 190p, while Peel Holdings gained 7 to 412p in similar circumstances. York Mount closed a penny better at 53p, after 55p, following news of near-doubled annual profits, but Clarke Nicholls were unchanged at 184p after the preliminary trading statement. News that Suter had increased its holding to 9 per cent excited House Property Company of London which touched 325p before drifting back to close unchanged at 300p. Phoenix Property gained 4 to 56p on speculative buying.

Takeover favourite Nottingham Manufacturing fared well in Textiles, rising 10 to 220p in response to Press comment. Coats Patons improved 5 more making a two-day advance of 15 at 154p folowing renewed support in the wake of a stockbroker's lunch with the company. Yorklyde, still drawing strength from the recent figures, gained 10 afresh at 170p. Courtaulds hardened a penny to 149p; the annual results are scheduled for next Tuesday.

Among Financials, Exco fell 10 to 685p in the wake of a sizeable put-through.

Shell easier

Royal Dutch%Shell and to a much lesser degree Burmah Oil provided the majority of the interest in an otherwise subdued oils secto. First-quarter results from Royal Dutch%Shell were at the top end of market forecasts and both companies attracted good demand initially. Shell moved ahead to 725p but sub-? sequently fel back, in sympathy with Royal Dutch, to close a net 5 cheaper at 715p. The former improved to £47½ immediately folowing the figures but persistent and often sizeable selling pressure from Continental and American sources late in the sesion brought the quotation back to the overnight level of £46¾. BP continued to reflect worries over international crude oil prices and dipped 5 to 535p.

Repots that Burmah Oil has rebuffed a second approach from Mr Gerald Ronson's Heron Corporation failed to induce any significant telling of Burmah which held around 282p.

Elsewhere in oils Firstland Oil and Gas equalled the 1985 high of 255p before easing late to close unchanged on balance at 245p following a U.S. drilling report. Irish exploration issues revived on speculative demand with Atlantic Resources finally 6 to the good at 66p and Anvil 3 up at 41p, after 42p.

Gill and Duffus soared 43 to 190p, after 210p; gollowing the bid approach. Elsewhere in Overseas Traders, James Finlay put on 6 to 145p.

Quiet mines

The latest spate of takeover activity in London equity markets left mining sectors much neglected. A relatively sedate performance by the bullion price failed to inspire enthusiasm for South African gold and related issues, although they managed to hold steady reflecting a handful of modest buying orders.

After opening a shade easier, reflecting overnight U.S. selling, golds tended to harden in quiet trading with sterling quotations given a minor boost by the easier trend in sterling against the dollar. The Gold Mines index managed a 3.4 improvement to 484.9, while bullion gradually declined throughout the session to close a net 75 cents lower at $316.75 an ounce.

Among leading Golds, Western Deep posted a gain of ¾ at £37½, Western Holdings added ½ at £27½ but falls in the region of ¼ to ½ were common to Winkelhaak, £27, and Kloof, £32⅛. Venterspost were prominent among cheaper-priced stocks and moved up 41 to 797p.

South African Financials were hardly traded throughout the session but provided a notable feature in General Mining which advanced ⅛ to £12⅞ following a substantial buying order thought to have emanated from a South African institution.

A steep decline in Sydney and Melbourne markets overnight coupled with news that the country's biggest copper producer MIM Holdings has reduced domestic copper prices produced widespread falls throughout Australians. MIM Holdings retreated to close 5 cheaper at 172p. Elsewhere in the leaders, Western Mining dropped 10 to 228p and North Broken Hill gave up 9 to 135p. Golds showed Sons of Gwalia 9 cheaper at 106p and Carr Boyd 2 easier at 83p.

Traded Options attracted 6,651 contracts—4,814 calls and 1,837 puts. British Telecom were the focal point, attracting 1,206 calls and 113 puts. Land Securities were also lively, recording 1,234 deals with 1,100 calls in the January 330's.

FINANCIAL TIMES STOCK INDICES

	May 22	May 21	May 20	May 17	May 16	May 15	year ago
Government Secs.	80.93	80.91	80.85	80.30	80.37	80.57	79.27
Fixed Interest	85.75	85.79	85.63	85.54	85.52	85.50	84.02
Ordinary	1020.9	1020.2	1016.0	1008.3	1012.5	1022.3	847.6
Gold Mines	484.9	481.5	489.5	484.1	488.8	496.9	642.8
Ord. Div. Yield	4.54	4.54	4.56	4.59	4.58	4.47	4.60
Earnings, Yld.% (full)	11.46	11.46	11.50	11.54	11.50	11.22	10.71
P/E Ratio (net) (*)	10.65	10.65	10.59	10.57	10.60	10.86	11.26
Total bargains (Est.)	27,086	24,281	27,136	24,479	26,740	28,607	21,688
Equity turnover £m.	—	537.99	356.72	373.85	448.87	456.2	358.51
Equity bargains	—	27,283	28,765	24,657	22,626	25,769	18,409
Shares traded (ml)	—	277.7	195.1	216.8	246.3	229.8	200.4

10 am 1021.6. 11 am 1023.3. Noon 1023.5. 1 pm 1023.0. 2 pm 1023.0. 3 pm 1022.8.

Basis 100 Govt. Secs. 15/10/26. Fixed int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 10.28.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.00 (18/4)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.19 (22/4)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	928.7 (5/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	556.9 (15/4)	439.5 (28/1)	734.7 (15/2/83)	43.5 (28/10/71)

S.E. ACTIVITY INDICES

	May 21	May 20
Daily		
Gilt Edged Bargains	236.0	161.0
Equities Bargains	176.8	186.4
Value	1085.6	721.1
5day Average		
Gilt Edged Bargains	153.4	139.1
Equities Bargains	157.3	170.0
Value	876.9	856.7

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Wed May 22 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Tues May 21 Index No.	Mon May 20 Index No.	Fri May 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	563.42	+0.4	9.98	3.97	12.50	7.11	561.32	559.35	554.79	495.23
2	Building Materials (23)	546.69	—	12.18	4.72	10.05	6.84	546.84	538.50	530.84	483.22
3	Contracting, Construction (29)	772.30	+0.9	13.02	5.33	9.93	16.40	765.03	759.45	745.95	698.91
4	Electricals (15)	1526.75	+1.1	10.26	4.77	12.31	27.85	1510.22	1504.35	1493.10	1604.60
5	Electronics (37)	1649.51	+1.2	9.05	3.06	14.24	13.77	1630.51	1641.24	1629.85	1672.59
6	Mechanical Engineering (63)	314.26	−0.5	10.11	4.39	12.03	4.70	315.71	312.71	313.45	247.10
8	Metals and Metal Forming (7)	197.01	−0.6	12.61	7.72	9.93	3.71	198.14	196.71	195.48	185.67
9	Motors (17)	165.19	+0.1	13.36	5.10	9.25	3.09	165.03	164.10	163.93	134.09
10	Other Industrial Materials (17)	1003.83	−0.1	7.06	3.13	17.01	11.22	1004.54	1000.97	985.92	672.42
21	CONSUMER GROUP (177)	670.13	+0.6	9.53	3.75	12.93	6.86	666.43	661.50	660.03	508.11
22	Brewers and Distillers (23)	606.15	+0.4	11.15	4.51	11.13	3.72	603.89	600.04	595.74	519.84
25	Food Manufacturing (20)	511.59	−0.3	12.05	4.73	10.54	9.54	513.12	509.18	513.21	382.79
26	Food Retailing (13)	1620.36	−0.2	5.99	2.44	24.74	5.76	1624.42	1607.77	1614.75	1170.94
27	Health and Household Products (9)	1860.81	+0.4	6.17	2.66	18.96	5.75	1856.21	1851.71	1846.85	782.8
29	Leisure (23)	696.78	—	8.48	4.66	15.38	12.59	696.68	690.42	688.65	637.15
32	Newspapers, Publishing (12)	1793.91	+0.3	6.68	4.23	19.34	32.34	1787.75	1781.16	1777.70	1323.79
33	Packaging and Paper (14)	325.21	+1.0	11.81	4.03	9.73	2.30	322.11	319.52	319.04	248.73
34	Stores (41)	656.23	+2.3	7.43	3.11	18.14	5.00	641.22	637.95	633.13	459.09
35	Textiles (19)	335.00	+1.5	15.94	4.56	7.26	3.78	330.05	324.30	322.69	290.82
36	Tobaccos (3)	846.15	−1.1	17.62	5.07	6.36	17.44	855.41	845.50	846.48	588.59
41	OTHER GROUPS (98)	714.75	—	8.49	3.86	14.85	5.68	714.67	714.55	714.59	440.68
42	Chemicals (17)	759.85	—	13.67	4.88	9.04	14.95	759.60	755.21	755.26	578.75
44	Office Equipment (4)	188.59	+0.3	6.98	4.46	17.76	3.52	187.96	190.07	186.02	121.77
45	Shipping and Transport (12)	1200.51	+0.5	6.28	4.62	20.46	22.83	1195.12	1193.13	1174.20	861.34
46	Miscellaneous (63)	896.60	+0.4	6.88	3.29	17.84	6.38	893.31	886.16	879.53	617.16
48	Telephone Networks (2)	891.12	−0.3	7.51	3.61	17.38	8.70	893.93	900.34	907.95	0.0
49	INDUSTRIAL GROUP (483)	662.43	+0.4	9.36	3.84	13.28	6.77	660.05	657.13	655.08	498.83
51	Oils (17)	1174.38	−0.6	15.74	7.09	7.80	37.60	1181.94	1178.51	1182.16	1146.57
59	500 SHARE INDEX (500)	705.49	+0.2	10.20	4.27	12.16	9.23	703.90	700.92	699.32	553.19
61	FINANCIAL GROUP (114)	475.69	−0.2	—	5.25	—	8.31	476.84	476.97	474.29	368.38
62	Banks (6)	478.70	—	16.19	7.22	8.01	11.71	478.60	478.82	471.43	365.88
65	Insurance (Life) (6)	719.50	−0.5	—	4.41	—	14.71	723.02	724.60	727.89	467.98
66	Insurance (Composite) (7)	353.30	−0.3	—	5.52	—	8.53	354.37	355.40	352.30	267.05
67	Insurance (Brokers) (7)	1138.32	+0.5	7.56	3.62	17.63	17.24	1132.67	1138.57	1149.98	736.08
68	Merchant Banks (11)	234.53	−0.6	—	4.07	—	1.22	235.84	236.52	235.25	223.68
69	Property (50)	641.18	−0.2	5.75	3.60	23.75	3.28	642.54	642.87	642.76	553.17
70	Other Financial (25)	290.30	−0.9	8.36	5.59	14.61	4.78	292.83	290.55	286.35	240.53
71	Investment Trusts (106)	609.78	+0.1	—	3.32	—	5.96	608.93	604.82	603.22	483.09
81	Mining Finance (4)	289.48	—	11.03	5.46	10.61	5.29	289.35	292.61	290.07	291.62
91	Overseas Traders (14)	673.47	+1.9	9.47	6.30	12.92	12.19	660.85	660.02	663.74	551.93
99	ALL-SHARE INDEX (738)	642.98	+0.2	—	4.90	—	8.80	641.92	639.68	637.91	505.88

	Index No.	Day's Change	Day's High	Day's Low	May 21	May 20	May 17	May 16	May 15	Year ago
FT-SE 100 SHARE INDEX	1333.8	−0.3	1337.3	1332.7	1334.1	1330.8	1327.4	1336.1	1342.4	1075.4

FIXED INTEREST

	PRICE INDICES	Wed May 22	Day's change %	Tues May 21	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	117.33	+0.08	117.23	—	4.52
2	5-15 years	128.68	—	128.67	—	5.07
3	Over 15 years	135.16	−0.07	135.26	—	3.47
4	Irredeemables	144.87	—	144.87	—	6.07
5	All stocks	127.42	+0.02	127.39	—	4.70
6	Debentures & Loans	108.38	+0.03	108.35	—	5.06
7	Preference	77.93	—	77.93	—	3.01
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.54	−0.04	110.58	—	2.03

	AVERAGE GROSS REDEMPTION YIELDS		Wed May 22	Tues May 21	Year ago (approx.)
	British Government				
1	Low	5 years	10.50	10.53	10.99
2	Coupons	15 years	10.79	10.79	10.86
3		25 years	10.42	10.41	10.30
4	Medium	5 years	11.51	11.51	11.74
5	Coupons	15 years	11.06	11.04	11.28
6		25 years	10.58	10.57	10.57
7	High	5 years	11.58	11.58	11.83
8	Coupons	15 years	11.20	11.19	11.45
9		25 years	10.74	10.74	10.67
10	Irredeemables†		10.17	10.16	10.17
11	Debs &	5 years	12.15	12.11	12.19
12	Loans	15 years	11.77	11.80	11.95
13		25 years	11.63	11.62	11.83
14	Preference†		12.61	12.61	12.65
15	Inflation rate	5%	3.59	3.58	3.46
16		10%	3.39	3.38	3.27

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (105)

BRITISH FUNDS (6)
AMERICANS (2)
BANKS (1)
BREWERS (1)
BUILDINGS (4)
CHEMICALS (3)
STORES (22)
ELECTRICALS (3)
ENGINEERING (6)
FOODS (5)
HOTELS (1)
INDUSTRIALS (15)
LEISURE (2)
MOTORS (4)
NEWSPAPERS (2)
PAPER (2)
PROPERTY (2)
SHIPPING (1)
SOUTH AFRICANS (1)
TEXTILES (3)
TRUSTS (16)
OILS (1)
OVERSEAS TRADERS (1)
PLANTATIONS (1)

NEW LOWS (17)

AMERICANS (1)
Insilco
CANADIANS (1)
Hollinger
BUILDINGS (1)
Lilley (F. J. C.)
ELECTRICALS (1)
TDS Circuits
ENGINEERING (2)
Farmer (S. W.) Smith Whitworth
INDUSTRIALS (2)
Caparo Inds. 8½pc Cnv. Cum. Red. Pf. Dalgety
PROPERTY (2)
Dares' Estates Marlheath
TEXTILES (1)
Lyles (S.)
TRUSTS (2)
Cambrian & Genl. Cap. Shires Inv.
PLANTATIONS (1)
Anglo-Indonesia
MINES (3)
Bond Corp. Gooeng Berhad Pahang

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	35	26	46
Corpns. Dom. & Foreign Bonds	11	7	57
Industrials	360	210	837
Financial & Props.	89	84	375
Oils	26	23	77
Plantations	7	5	10
Mines	42	44	94
Others	121	48	88
Totals	631	447	1,584

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Brammer	401	+53
Burton	502	+44
DRG	175	−1
Debenhams	362	+35
Energy Services	106	−6
Finlay (James	145	+6
Gill and Duffus	190	+43
IMI	109	−2
Johnson F. Brown	19	+½
Shell Transport	715	−5
Vickers	328	−10
Whitbread A.	221	+8

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
§93	F.P.	—	106	104	✠Abbeycrest 10p	106	......	42.6	2.5	3.4	18.8
‖380	N.P.	16/5	93	77	Anglo-EastPlants	89	+11	—	—	—	—
—	F.P.	—	38	27	Do. Warrants	36	+5	—	—	—	—
§125	F.P.	31/5	181	154	✠Aspen Comms. 5p	177	......	u2.6	2.8	2.1	22.8
172	F.P.	28/6	182	176	Asda Property 20p	180	+2	u3.0	2.1	2.4	25.5
—	F.P.	—	850	750	Banco de Bilbao S.A.	800	......	—	—	—	—
—	F.P.	—	700	650	Banco de Santander	660	......	—	—	—	—
¶185	F.P.	3/5	225	160	✠Bedford (William) 5p	160	......	n3.5	2.6	3.1	17.7
¶130	F.P.	17/5	130	100	Blagden Inds.	116	−2	7.2	1.6	8.9	7.9
375	200	10/9	253	224	British Aerospace 50p	227	−8	13.65	3.1	4.9	7.4
165	F.P.	31/5	175	168	✠Clayform Props. 5p	170	......	bg7.5	2.1	6.3	10.8
135	F.P.	21/6	135	120	Coloroll 10p	125	......	bg4.6	2.5	5.2	11.2
§84	F.P.	21/6	105	98	✠Datron Int'l. 5p	103	+2	u1.0	6.9	1.4	12.1
200	F.P.	31/5	300	260	Domino Print. Scienc.	290	−5	u1.75	4.3	0.9	38.7
§117	F.P.	31/5	130	120	✠Electron House 10p	127	+4	bg2.7	1.9	3.0	25.1
§300	F.P.	28/6	410	370	✠H'lmes & March† 10p	375	......	u3.5	4.1	1.4	25.9
§129	F.P.	7/6	200	172	✠Howard Group 5p	198	......	bg4.2	3.2	3.0	14.5
§150	F.P.	7/6	205	165	✠Huntleigh Tech 5p	200	−2	u1.5	3.8	1.1	31.6
100	F.P.	21/6	103	101	MartinCurrie Pac. 50p	101	......	—	—	—	—
§28	F.P.	14/5	30	26	✠Maxiprint 1p	30	+2	—	—	—	—
§120	F.P.	7/6	150	145	✠Moorgate Group 5p	150	......	bg2.0	5.2	1.6	54.4
§113	F.P.	29/5	119	114	✠Norscot Hotels 50p.	114	......	—	—	—	—
110	F.P.	7/6	112	109	Persimmon 10p	108	......	bg4.75	3.6	6.3	6.2
£7.25	F.P.	26/4	86	80	Plantation Tst	80	......	—	—	—	—
—	F.P.	—	40	38	Do. Warrants	39	+1	—	—	—	—
100	F.P.	7/6	106	100	Prestwick 5p	100	−2	u2.1	3.3	3.0	13.5
¶175	F.P.	7/6	205	175	✠Sherwood Com 10p	190	+5	62.75	3.4	2.1	20.1
¶175	F.P.	8/8	185	170	Sintrom 10p	180	......	ug1.84	3.3	1.5	29.6
§120	F.P.	28/6	125	118	✠Viewplan 5p	120	+2	u1.26	4.0	1.5	21.8
130	F.P.	10/5	143	137	✠Wayne Kerr 10p	142	......	u1.6	4.2	1.5	22.6
§68	F.P.	24/5	72	68	✠Wyko Group 10p	68	......	b2.4	2.4	5.0	11.0

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
—	F.P.	—	86	83	Anglo-East Plts. 12½% Uns. Ln. 95-88	84	+1
¶¶	F.P.	—	107	100	Bramall (C.D.) 13% Cnv. Uns. Ln. 95/2005	107	+2
85.81	£30	19/6	31⅛	25	Int.-Am. Dev. Bk. 9¼ Ln. 2015	30¾	+⅛
90.705	£30	6/6	30⅝	29⅛	Malaysia 10¼% Ln. 2009	30⅝	+⅛
—	F.P.	6/9	100⅜	99¾	NationwideBldg.Soc.12¼% Bds.21/4/86	99⅞	+⅛
—	F.P.	—	100	99¾	Do. 12⅞% 12/5/86	100	......
—	F.P.	6/6	99	98	Plantation Trst 7½% cnv. Uns. Ln. 2008	93	......
1	F.P.	6/6	108	106	Queens Moat 7% Cnv. Rd. Prf.	107	+1
‡	Nil	19/7	5pm	5pm	Russell (A.) 5.75% Cum. Cnv. Rd. Prf.	5pm	......
‡	F.P.	14/6	114	105	Saatchi 6.3% Cnv. Cum. Red. Pref.	110	+2
49.895	£30	12/7	36⅜	30	Spain (Kingdom of) 11¼% Ln 2010	34¾	+⅛
¶¶	F.P.	—	128	122	Williams Hldgs. 5% Cum. Cnv. Prf.	126	......
¶¶	F.P.	—	115	105	Do. 10½ Cum. Prf.	115	......

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
195	Nil	16/7	21pm	18pm	Anchor Chemical	18pm	−3
200	Nil	20/6	170pm	153pm	Bank of Scotland £1	170pm	......
150	F.P.	14/6	393	323	Barclays £1	390	−3
350	Nil	5/7	40pm	24pm	Beazer (C.H.) 70p	24pm	−1
28	Nil	25/6	1½pm	¼pm	Brit. Empire Sec. & Gen. 5p	¼pm	......
102	F.P.	14/6	126	112	Grampian H..gs	124	+2
80	Nil	26/6	8pm	5pm	✠Grosvenor Square 10p	8pm	......
66	Nil	5/7	12½pm	7pm	Lon. & Northern	12½pm	+1½
285	F.P.	28/6	316	295	LASMO	303	+3
515	Nil	12/7	127pm	110pm	Low (Wm.) 20p	123pm	......
285	F.P.	12/6	360	340	Memec 10p	360	......
95	F.P.	7/6	102½	95	Nationwide Leisure	95	......
26	F.P.	28/6	43	29	Newman Inds. 10p	43	......
49Ir.	F.P.	—	64	48	††Oliver Prospecting	52	−4
70	Nil	4/7	6pm	2pm	✠Rivlin (I.D.S.) 5p	6pm	......
375	F.P.	22/7	460	405	Scapa	450	+10
11	Nil	4/6	11¾pm	10¾pm	Second Market Inv. 5p	10¾pm	......
120	Nil	—	14pm	13pm	Suter 5p	14pm	+1
222	Nil	28/6	29pm	14pm	Tesco 5p	29pm	+5
10	Nil	—	21pm	20pm	"The Times" Veneer	20pm	......
150	Nil	—	54pm	28pm	Tomkins (F.H.) 5p	49pm	−5

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡ Dealt in under Rule 535(3).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 20	June 7	Aug 29	Sept 9
June 10	June 21	Sept 12	Sept 23
June 24	July 5	Sept 26	Oct 7

For rate indications see end of Share Information Service

Money was given for the call of Newarthill Kadwill, C. H. Bailey, Jenas Woodhead, Burmah Oil, Meekathara, Charter Consolidated, Times Veneer, British Aerospace, British Oil and Minerals, W. H. Smith A and John Brown. British Telecom were dealt in fir the put, while a double option was arranged in Times Veneer.

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
Holmes Marcht	20	375	—
Brammer	19	348	+28
British Telecom	18	156	−2
Fisons	18	345	+18
Tomkins F.H.†	18	54pm	+14
Aspinall	17	180	−11
Debenhams	15	327	+4
Greenall Whit.	14	175	−9
Ladbroke	14	285	+17
Pilco A	14	125	—
Pilkington Bros	14	308	+1
RHM	14	163	−2
Vickers	14	338	+14
Grand Met	13	300	—

† nil-paid

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$300	64	29	5	38	—	—	$317.25
GOLD C	$320	6	15	5	25	—	—	"
GOLD C	$340	57	7.60	1	14	—	—	"
GOLD C	$360	—	—	10	8.50	—	—	"
GOLD P	$280	30	2.10	3	4	—	—	"
GOLD P	$300	40	5.20	—	—	—	—	"
GOLD P	$320	16	11	13	14	—	—	"
		June		Sept.		Dec.		
SILVER C	$600	5	40	—	—	—	—	$618
SILVER C	$700	—	—	—	—	10	50	"
$/FL C	Fl.345	6	8 B	—	—	—	—	Fl.347
$/FL C	Fl.350	50	5.40	106	12	—	—	"
$/FL C	Fl.355	71	3.60	—	—	—	—	"
$/FL C	Fl.360	127	2.10	1	8.70	—	—	"
$/FL C	Fl.365	—	—	—	—	300	10.50	"
$/FL C	Fl.375	—	—	60	4.60	—	—	"
$/FL C	Fl.380	—	—	3	3	—	—	"
$/FL C	Fl.390	—	—	—	—	75	4	"
$/FL P	Fl.325	13	1	—	—	—	—	"
$/FL P	Fl.330	16	1.30	—	—	—	—	"
$/FL P	Fl.335	55	2.60 B	10	9	1	14.20	"
$/FL P	Fl.340	49	4	18	11.70	17	16.50	"
$/FL P	Fl.345	6	6	—	—	150	18.50	"
$/FL P	Fl.350	5	9	1	15.50	—	—	"
$/FL P	Fl.355	—	—	20	19	—	—	"
$/FL P	Fl.360	—	—	151	25	—	—	"
$/FL P	Fl.370	3	24	—	—	—	—	"
£ $ P	$110	—	—	47	1.30	—	—	$126.80
		Jul.		Oct.		Jan.		
ABN C	Fl.420	79	24.10	47	28	14	32.50	Fl.442.50
ABN P	Fl.420	101	1.50	29	5.50	—	—	"
AEGN C	Fl.190	388	4.70	129	9 A	4	12.50	Fl.193
AEGN P	Fl.190	186	6.30	85	8	1	10	"
AH C	Fl.220	35	8 A	15	13 A	—	—	Fl.221.60
AH P	Fl.220	40	3.80 B	4	6	—	—	"
AKZO C	Fl.110	384	3.20	100	6.60	14	8.80 A	Fl.108.20
AKZO P	Fl.100	369	0.80	84	1.80	1	2.70 B	"
AMRO C	Fl.80	290	1.30	124	2.60	29	4	Fl.78.40
AMRO P	Fl.75	128	0.50	67	2.10	1	2.50	"
GIST C	Fl.180	28	5.50	4	8.80	—	—	Fl.180
GIST P	Fl.180	35	4 B	13	5	—	—	"
HEIN C	Fl.150	23	1.50	62	4	10	7	Fl.142.40
HEIN P	Fl.240	270	2.30	184	4	—	—	"
HOOG C	Fl.65	412	1.10	159	2.50	60	3.60	Fl.62.40
HOOG P	Fl.60	264	1.80	92	2.50	1	3.30	"
KLM C	Fl.65	155	0.70	84	1.90	261	2.90	Fl.58.20
KLM P	Fl.55	286	1.40	5	2.10 B	8	2.80	"
NEDL C	Fl.170	262	4.20	45	6	14	8	Fl.172.50
NEDL P	Fl.260	79	5.30	20	6.80	—	—	"
NATN C	Fl.67.50	39	0.90	16	2.30	—	—	Fl.65.60
NATN P	Fl.70	90	6	—	—	—	—	"
PEO C	Fr.5900	20	270	17	380	—	—	Fr.5940
PEO P	Fr.5819	15	800	—	—	—	—	"
PHIL C	Fl.50	174	0.50	670	1.50	93	2.30 A	Fl.54.60
PHIL P	Fl.50	14	0.30	—	—	223	1.20	"
RD C	Fl.200	1550	6.50	274	9.50	43	12	Fl.206.10
RD P	Fl.200	416	4.80	398	9.10	22	10	"
ROBE C	Fl.75	19	1.60	24	3.20	—	—	Fl.74.60
UNIL C	Fl.360	53	2.50	39	6.50	—	—	Fl.342.80
UNIL P	Fl.340	57	4.50 B	11	8	—	—	"

TOTAL VOLUME IN CONTRACTS: 21,385

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jly.	Calls Oct.	Calls Jan.	Puts Jly.	Puts Oct.	Puts Jan.
B.P. (*535)	460	90	105	—	4	7	—
	500	53	68	83	5	14	17
	550	22	35	50	25	33	37
	600	5	16	28	68	70	75
Cons. Gold (*542)	460	97	107	—	3	7	—
	500	57	75	65	9	16	24
	550	30	43	52	25	40	47
	600	8	20	28	67	80	82
Courtaulds (*149)	130	21	26	28	3	5	6
	140	14	19	22	4	8	10
	160	4½	9	13	15	17	16
Com. Union (*225)	180	50	53	—	3	4	—
	200	36	38	46	4	8	10
	220	18	25	34	11	16	18
	240	10	17	23	19	23	26
G.E.C. (*192)	180	20	38	40	4	6	8
	200	9	18	24	14	16	16
	220	3	9	—	30	32	—
	240	1	—	—	50	—	—
Grand Met. (*301)	280	29	38	45	5	8	11
	300	16	25	33	12	15	20
	330	4	9	12	32	35	40
I.C.I. (*767)	700	77	90	102	6	16	18
	750	38	65	70	20	32	35
	800	14	32	45	52	62	70
	850	6	18	—	100	105	—
	900	3	9	—	147	155	—
Land Sec. (*296)	280	21	28	35	4	6	9
	300	9	17	25	10	14	16
	330	3	8	13	37	37	39
Marks & Sp. (*142)	120	25	30	—	2	3	—
	130	16	21	26	3	6	7
	140	7	13	18	7	10	12
	160	2	6	9	23	26	28
Shell Trans. (*716)	600	133	—	—	4	—	—
	650	85	100	—	5	10	—
	700	42	60	75	15	22	27
	750	17	32	45	45	48	52
	800	6	10	—	87	92	—
Trafalgar Hse (*357)	323	50	58	—	2	5	—
	330	—	—	56	—	—	8
	353	27	36	—	9	13	—
	360	—	—	36	—	—	21
	383	9	14	—	21	24	—

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
BAT Inds. (*316)	300	17	38	48	2	9	14
	330	3½	18	32	16	22	28
	360	1	9	17	47	50	52
	390	1	5	12	77	77	78
Barclays (*[illegible])	285	110	115	—	1	3	—
	335	60	65	77	1	5	10
	385	10	26	40	5	23	30
	435	1	9	15	47	55	60
Brit. Aero (*401)	390	—	30	46	—	8	14
	420	—	17	27	—	25	32
	460	—	6	13	—	68	67
Bt. Telecom (*156)	100	56½	59½	—	0¼	1	—
	110	46½	49½	—	0¼	1	—
	120	36½	39½	45½	0¼	1	1
	130	26½	31	37½	0¼	2	2½
	140	16½	24	30	1	5	6
	160	1½	12	18½	6	12	13
	180	—	5	9	—	26½	27
Imperial Gp. (*192)	160	33	41	—	1	2	—
	180	13	25	30	1	6	9
	200	2	15	19	10	15	18
	220	0½	6	10	30	32	35
LASMO (*303)	293	13	35	43	3	10	17
	323	2	25	30	23	30	35
	353	1	15	22	53	55	59
	383	0½	5	13	83	83	83
Lonrho (*174)	140	35	40	—	1	2	—
	160	15	22	25	1	4	6½
	180	1½	10	14	7	12	16
	200	0½	4	—	27	29	—
P. & O. (*376)	300	80	90	—	0¼	2	—
	330	50	60	68	1	5	9
	360	20	42	48	2	10	17
	390	4	17	—	17	25	—
	420	1	7	—	46	43	—
Racal (*202)	180	24	32	42	2	4	6
	200	6	20	25	5	10	12
	220	1	10	15	20	22	26
	240	0½	3	—	40	40	—
	260	0½	1	—	60	60	—
	280	0½	1	—	80	80	—
R.T.Z. (*612)	600	14	48	57	4	17	26
	650	1½	23	34	46	50	57
	700	1	10	18	95	97	100
Vaal Reefs (*$95)	80	15½	21	23	0½	3½	5½
	90	6½	13	17	0¾	6½	8¾
	100	1	8½	11	6½	11½	15
	110	0½	4¾	7	16	18½	20½
Ex. 10% 1989 (*£95)	90	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
	92	[illegible]	3½	[illegible]	[illegible]	[illegible]	[illegible]
	94	[illegible]	1⅞	2⅛	[illegible]	[illegible]	[illegible]
	96	[illegible]	[illegible]	1½	[illegible]	1¼	1½
	98	[illegible]	[illegible]	—	[illegible]	[illegible]	—

Option		Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
BTR (*378)	325	57	67	77	2	6	8
	350	32	43	55	6	15	23
	375	15	27	42	18	25	35
Beecham (*356)	330	35	40	48	4	5	10
	360	13	22	30	15	20	25
	390	3	8	14	40	42	47
Bass (*567)	500	72	87	100	4	6	9
	550	27	45	60	15	22	27
	600	7	25	37	45	50	52
De Beers (*$6.50)	420	140	155	—	3	9	—
	460	100	120	135	11	18	30
	500	63	90	105	22	32	45
	550	30	53	70	38	55	70
GKN (*230)	180	56	68	—	2	2	—
	200	36	48	—	2	3	—
	220	19	26	32	5	8	10
	240	7	13	19	14	18	21
Hanson (*235)	187	52	55	—	1½	2	—
	200	42	44	56	3	6	7
	220	24	31	38	5	10	14
	240	10	17	24	15	20	25
Jaguar (*275)	280	12	20	35	14	23	24
	300	6	10	23	31	38	38
	330	3	5	13	60	60	61
	360	1	3	—	90	90	—
Tesco (*256)	216	45	50	55	1½	3	7
	236	26	32	38	4	8	11
	256	15	20	25	15	16	24
FT-SE Index (*1334)	1150	187	—	—	2	—	—
	1175	162	—	—	3	—	—
	1200	137	156	—	4	13	—
	1250	87	108	125	8	25	40
	1300	50	70	88	18	40	60
	1350	18	38	57	45	70	97

May 22. Total contracts 6,651 Calls 4,814. Puts 1,837.
* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100¾	99½	Treas 11½pc 1985	99¾	.....	11.52	12.72
98¾	97¾	Treas 8¾pcCnv '85	98¾	.....	8.84	12.28
101¾	99½	Exch. 12¼pc 1985	100 xd	+	12.24	12.03
101	99½	Exch. 11¼pc '86	99¾	+	11.76	11.73
99½	97	Treas. 10pcCnv 1986	98	.....	10.15	11.69
94¾	92¼	Treas 3pc 1986	94½	−	3.18	9.05
100	97½	Exch. 10½pc Cv '86	98	.....	10.61	11.66
101¾	99¼	Treas 12pc 1986	100 xd	+	11.95	11.59
97	94¾	Treas 8½pc 1984-86‡‡	96	−	8.77	11.44
105	102	Exch. 14pc 1986	103	+	13.58	11.58
92	87¾	Exch. 2½pc 1986	92 xd	+	2.71	8.23
104	101¾	Exch. 13¼pc 1987	102	+	12.99	11.55
99½	96¼	Treas 10¼pcCv '87	98	+	10.45	11.48
90	85½	Exch 2½pc 1987	90	+	2.77	8.70
99	96¾	Exch. 10½pc 1987	98	+	10.67	11.42
93	89	Funding 6½pc '85-87‡‡	93	.....	6.99	10.57
98½	95½	Treas. 10pc 1987	97¼	+	10.27	11.49
89	84¾	Treas 3pc 1987	89	+¼	3.37	8.69
102	99¼	Treas. 12pc 1987	101¼	.....	11.87	11.42
93¼	90¼	Treas 7¾pc 1985-88‡‡	93	+⅛	8.33	10.81
98¾	95¼	Exch 10½pc '88	97¾ xd	.....	10.73	11.35
96	93¼	Treas 9¾pc Cv '88	95¾	.....	10.17	11.40
84	80	Transport 3pc '78-88	84	+	3.57	8.94
95¾	91½	Treas. 9½pc '88	94	+	10.05	11.45
101¾	97½	Treas 11½pc 1989	100	+	11.49	11.41
95	90¾	Treas 9½pc Cnv. '89	93	+	10.11	11.46
79	79	Treas 3pc 1989	79	.....	3.78	9.33
98½	94	Treas 10½pc 1989	96	+⅛	10.84	11.48
96	92	Exch.10pc 1989	95	+⅛	10.53	11.53
99	95	Exch 11pc 1989	98	+	11.18	11.43
83¾	79	Treas 5pc 1986-89	83½	+⅛	5.99	9.73
107½	103¾	Treas 13pc 1990‡‡	105¾	.....	12.28	11.32
99	96	Exch 11pc 1990‡‡	98	.....	11.19	11.44
108¾	100¼	Exch. 12½pc 1990	103	.....	12.05	11.46
		Five to Fifteen Years				
93	87¾	Treas 8¼pc 1987-90‡‡	88¾ xd	−⅛	9.23	11.05
97¼	91¾	Treas. 10pcCv 1990	94¾	−⅛	10.63	11.48
105¼	97¾	Treas 11¾pc 1991	105½	−⅛	11.65	11.53
83½	80	Funding 5¾pc '87-91‡‡	83½	+⅛	6.95	9.66
101¾	95	Exch. 11pc 1991	98¾	.....	11.22	11.43
110¾	101¾	Treas 12¾pc 1992‡‡	110¼	.....	12.03	11.42
98	88¾	Treas 10pc 1992	96¼	−⅛	10.68	11.36
101¼	94¼	Treas 10½pc Cv 1992‡‡	96¼ xd	−⅛	10.96	11.39
108¾	98¾	Exch. 12¼pc '92	106½	−⅛	11.83	11.50
114	105	Exch 13½pc 1992	111½	−⅛	12.95	11.55
110¼	101¼	Treas 12½pc 1993‡‡	109¾	−⅛	11.85	11.45
79¼	74¾	Funding 6pc 1993‡‡	79¼	+⅛	7.63	9.81
118¾	109¼	Treas 13¾pc 1993‡‡	112½ xd	+⅛	12.22	11.40
123¼	111¼	Treas 14½pc 1994‡‡	120¼	+⅛	12.38	11.36
114½	108¾	Exch 13½pc 1994	111¼	+⅛	12.19	11.53
111	100¾	Exch. 12½pc 1994	108¾	.....	11.83	11.48
91	86¼	Treas 9pc 1994‡‡	87¼ xd	+⅛	10.27	11.14
107¾	98¾	Treas 12pc 1995	106⅝	.....	11.68	11.51
70½	67¼	Gas 3pc '90-95	70¼	.....	4.28	7.28

Over Fifteen Years

Undated

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INT. BANK AND O'SEAS GOVT STERLING ISSUES

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AMERICANS

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INDUSTRIALS—Continued

[illegible]

INSURANCES

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LEISURE

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MOTORS, AIRCRAFT TRADES

Motors and Cycles

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Components

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Garages and Distributors

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NEWSPAPERS, PUBLISHERS

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TRUSTS, FINANCE, LAND

Investment Trusts

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INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]								
£661½	£60¼	Texaco 4¾pc Cnv.	£661½	...	Q4¼%	—	(7.3	—
260	169½	Tricentrol	235	+3	10.0	2.8	6.1	6.6
135½	114	Do 11pc Cv Ln '95-05	125	+½	—	—	19.2	—
39	29	Tuskar Res Ir 5p	35		—	—	—	—
250	195	Ultramar	235	+2	10.0	3.0	6.1	6.1
72	42	Warrior Resl.	44	+2	—	—	—	—
64	39	Weeks Australia	44	.....	—	—	—	—
89	50	Woodside A50c	85	.....	—	—	—	—

OVERSEAS TRADERS

High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
101½	68	African Lakes	95	...	↑t1.25	8.2	1.9	6.8
39	25	Borthwick (Thos.) 10p	38	+1	0.5	5.3	1.9	10.7
95	62	Boustead 10p	74	−1	—	—	—	—
156	122	Finlay (James)	145	+6	↑h3.67	2.3	3.6	13.7
5	3½	First Pacific Int 5c	4½		g012c	6.7	2.1	0.1
210	139	Gill & Duffus	190xd	+43	10.0	1.7	7.5	9.8
£61½	£50½	Gt. Nthn. £10	£58½		Q12%	1.6	2.1	34.0
475	420	H'rns'ns. Cros. £1	450		H28.0	1.2	6.3	21.2
455	380	Inchcape £1	382xd	+2	18.15	q1.3	6.8	(14.5)
32	26	Jacks Wm.	29		1.0	♦	5.0	♦
190	159	Lonrho	174	+1	s10.0	1.6	8.2	(9.1)
65	42	Nesco Invests.	60xd	...	3.5	—	8.3	—
52	44	Ocean Wilsns. 20p	51	......	2.95	1.1	8.3	(14.9)
165	127	Par'son. Zoch. 10p	165	...	↑5.15	4.8	4.5	5.0
165	124	Do. 'A' N/V 10p	165	...	↑5.15	4.8	4.5	5.0
368	289	REA Hldgs.	328	......	1.25	♦	0.5	♦
85	65	Sime Darby M$0.5	73	...	vQ10.8c	1.6	4.7	13.4
575	465	Steel Bros.	535	......	16.0	2.9	4.3	9.0
39	26	Tozer Kems. 20p	36	.....	—	—	—	5.3

PLANTATIONS

1985 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
		Rubbers, Palm Oil					
235	210	Anglo-Indonesi'n	210	−2	↑4.0	2.1	2.7
5½	2½	Applied Botanics 2½p	4	−¼	—	—	—
157	125	Bertam 10p	154	...	g1.17	1.8	1.1
117½	99	Cons. Plants M$0.5	103½	−1	v026c	1.1	7.9
14½	5	Grand Central 10p	12½	...	—	—	—
143	110	Harrisons Mly. Pl. M$1	134	−1	↑vQ19c	1.1	4.5
97	80	Highlands M50c	84	−1	vQ22.5	♦	8.5
106	86	Kuala Kepong M$1	92	...	vQ15c	♦	5.2
66	54	Malay Plnt M$1	58	+1	vQ18c	1.3	9.8
90	74	Rowe Evans Inv. 10p	77	....	1.35	2.1	2.5
		Teas					
£10¾	920	Assam Doorars £1	920	...	9.0	♦	1.4
£19	£14¾	Lawrie Grp. £1	£17¼	...	30.0	4.4	2.4
320	292	McLeod Russel £1	320	+5	h5.75	4.5	2.6
216	186	Do.8.4pcCm.Pl. 90-92	218	.....	8.4%	7.6	5.7
815	730	Moran £1	785	...	g12.0	♦	2.2
365	275	Plantation & Gen Invs.	300	......	15.0	3.1	2.4
630	480	Williamson £1	525	...	20.0	3.9	5.4

MINES

High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
		Central Rand					
£13	940	Durban Deep R1	£12¼	...	—	—	—
735	590	East Rand Prp. R1	628	+2	—	—	—
110	45	Egoli Cons.	90	...	—	—	—
£95¾	£73¾	Randfont'n Est. R2	£85½	−½	↑Q1200c	3.1	5.7
220	160	Simmer & Jack R0.02	220	.....	sQ10c	♦	2.0
481	336	West Rand R1	384	+1	Q80c	2.3	8.2
		Eastern Rand					
186	134	Bracken 90c	146	+1	↑Q58c	1.0	15.7
708	409	Cons Mod'tein 5c	624	+5	Q15c	♦	1.0
322	168	East Daggs R1	321	−1	—	—	—
£17½	£12¾	Eastern Trns. Cn. 50c	£13¾	+¼	↑Q90c	5.5	—
489	378	ERGO R0.50	433	−8	Q62½c	2.5	5.8
829	588	Grootvlei 25c	669	+2	Q165c	1.2	9.7
£18¾	£12¼	Kinross R1	£16¼	+¼	↑Q195c	1.3	4.7
256	200	Leslie 65c	224	−7	↑Q67c	1.2	11.8
173	115	Marievale R0.25	148	+1	Q54c	1.0	14.4
279	209	S. African Ld. 35c	235	+1	Q40c	1.5	6.7
164	120	Viakfontein 35c	136	...	sQ20c	0.9	6.0
£31¾	£21	Winkelhaak R1	£27	−⅛	↑Q382c	1.2	5.6
107	47½	Wit. Nigel 25c	47½xd	.....	—	—	—
		Far West Rand					
598	567	Blyvoor 25c	581	+12	Q175c	1.5	11.9
£37	£23¾	Buffels. R1	£33¼	+¼	↑Q570c	3.0	6.8
367	170	Deelkraal R0.20	244	+1	Q10c	2.7	1.6
£16¾	£11¼	Doornfontein R1	£15¼	+⅜	Q200c	2.8	5.2
£29¼	£20	Driefontein R1	£20¼	+¼	↑Q275c	1.3	5.2
748	525	Elandsrand Gld. 20c	709	+3	Q50c	2.1	2.8
257	179	Elsburg R1	219	+7	↑Q32½c	1.0	6.0
522	369	Hartebeest 10c	451	...	↑Q72½c	1.6	6.3
£34¾	£30¼	Kloof Gold R1	£32¼	−½	↑Q330c	1.7	4.1
£20¾	£15¾	Libanon R1	£19⅜	...	↑Q250c	2.2	5.1
£41	£30¼	Southvaal 50c	£35¾	+⅛	Q420c	1.0	4.7
885	628	Stilfontein 50c	648	+12	Q318c	1.1	19.1
£85¾	£68¾	Vaal Reefs 50c	£75	+¼	Q1340c	1.6	7.0
868	540	Venterspost R1	797	+41	↑Q120c	1.5	5.9
416	278	Western Areas R1	345	+1	↑Q50c	3.1	5.7
£39¾	£29	Western Deep R2	£37¼	+¼	Q450c	2.7	4.8
85	69¼	Zandpan 10c	78	+2½	Q12.2c	♦	6.3

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ■ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. ♦ Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	108	..	Arnott	160xd	..
Craig & Rose £1	£9	...	CPI Hldgs	50	..
Finlay Pkg. 5p	59xd	..	Carroll Inds.	119	....
Higsons Brew	175	+8	Dublin Gas	53	... ..
Holt (Jos) 25p	740xd	..	Hall (R. & H.)	55	.....
IoM Stm. £1	87	....	Heiton Hldgs.	19	+2
IRISH			Irish Ropes	43	....
Fund 11¾% 1988	£96¾	...	Jacob (W.& R.)	76xd	.....
Nat. 9¾% 84/89	£90½	...	Unidare	83	... ..
Fin. 13% 97/02	£99¾	..			

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GRN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	38	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	18	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props.	14
Bowaters	28	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds.	25	Brit. Oil & Min	4
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	30	Burmah Oil	10
Burton Ord	39	NEI	8	Charterhall	6
Cadburys	14	Nat West Bk.	60	Premier	5
Comm Union	19	P & O Dfd.	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	10	**Mines**	
Dunlop	6	RHM	11	Charter Cons	18
FNFC	8½	Rank Org Ord.	32	Cons Gold	44
Gen Accident	45	Reed Intnl	50	Lonrho	14
Gen Electric	17	Sears	8	Rio T Zinc	56
Glaxo	85	TI	20		
Grand Met.	25	Tesco	20		
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 41

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

WORLD STOCK MARKETS

Indices

NEW YORK-DOW JONES

	May 22	May 21	May 20	May 16	May 15	May 14	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,303.78	1,309.7	1,304.88	1,278.65	1,273.52	1,273.3	1307.70 (21/5)	1184.96 (4/1)	1309.70 (21/5/85)	41.22 (2/7/32)
Transport	622.96	628.22	626.99	617.58	611.16	609.72	635.30 (1/3)	553.03 (4/1)	635.30 (1/3/85)	12.32 (8/7/32)
Utilities	161.98	163.57	164.70	161.83	159.21	158.70	164.75 (17/5)	146.54 (4/1)	164.75 (17/5/85)	10.6 (28/4/42)
Trading vol		-	147.2m	124 6m	108m	97.3m	–	–	–	–

	May 10	May 3	Apr 26	Year Ago (Approx)
Ind Div Yield %	4.81	4.90	4.79	4.78

STANDARD AND POORS

	May 22	May 21	May 20	May 16	May 15	May 14	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	208.97	210.82	208.86	205.27	204.28	203.49	210.82 (21/5)	182.24 (4/1)	210.02 (21/5/85)	3.62 (30/6/32)
Composite	188.56	189.64	189.72	185.66	184.54	183.87	139.72 (20/5)	163.68 (4/1)	819.72 (20/5/85)	4.40 (1/6/32)

	May 15	May 8	May 1	Year Ago (Approx)
Ind div yield %	3.84	3.92	3.93	4.10
Ind. P/E Ratio	11.37	11.14	11.28	12.13
Long Gov Bond Yield	10.98	11.33	11.33	13.33

N.Y.S.E ALL COMMON

May 22	May 21	May 20	May 16	1985 High	1985 Low
108.98	109.85	109.72	107.58	109.72 (20/5)	94.60 (4/1)

RISES AND FALLS

	May 22	May 20	May 17
Issues traded	2,043	2,046	2,019
Rises	764	1,278	1,144
Falls	315	416	441
Unchanged	484	351	434

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Hewlt-Pack	1,372,300	33⅛	−1⅛	East Kodak	902,400	43¼	− ⅝
Sterl Drug	1,232,800	31¾	+ ⅞	TWA	826,900	17⅛	+ ⅛
No Ind PS	1,142,900	11⅛	− ⅜	Pfizer	782,400	50	+ ¼
ATT	1,072,500	23⅜	− ⅝	Mobil	747,500	31⅛	+ ¼
Mid-So Util	1,033,200	14⅞	− ⅛	IBM	724,200	132⅝	− ⅜

Advances 447 Declines 1,140

TORONTO

	May 22	May 21	May 20	May 16	1985 High	1985 Low
Metals & Minls	2,026.4	2,053.8	closed	2,015.8	2198.7 (13/2)	1896.8 (4/1)
Composite	2,708.1	2,739.7	closed	2,705.6	2739.7 (21/5)	2348.5 (8/1)
MONTREAL Portfolio	132.86	135.85	closed	133.11	134.11 (17/5)	117.88 (4/1)

* Indicates pre-close figure

	May 22	May 21	May 20	May 17	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	986.5	898.1	904.5	901.4	904.5 (20/5)	715.3 (7/1)
Metals & Minls. (1/1/80)	582.9	574.1	585.8	579.2	585.8 (20/5)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	85.03	85.09	84.47	85.68	85.88 (10/5)	58.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2258.85	2255.78	2258.51	(c)	2319.05 (15/3)	2090.7 (18.1)
DENMARK						
Copenhagen SE (3/1/83)	188.88	188.35	(u)	189.01	192.70 (24/4)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	225.1	223.8	221.3	221.1	225.1 (22/5)	190.5 (3/1)
Ind Tendance (28/12/84)	124.2	124.2	123.2	128.2	124.2 (21/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	438.38	436.66	437.98	432.35	438.38 (22/5)	382.58 (3/1)
Commerzbank (1/12/53)	1285.8	1283.8	1278.8	1284.7	1285.8 (22/5)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1566.64	1612.22	1630.47	1647.88	1647.88 (17/5)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	318.64	318.74	317.49	317.51	318.64 (22/5)	228.58 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12673.6	12650.47	12559.1	12420.8	12695.3 (5/4)	11545.2 (5/1)
Tokyo SE New (4/1/68)	995.59	991.22	985.07	974.85	1000.00 (22/5)	916.95 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	208.3	209.3	207.5	207.8	213.8 (6/5)	185.8 (3/1)
ANP-CBS Indust (1970)	170.2	170.7	170.5	171.1	176.2 (7/5)	147.8 (3/1)
NORWAY						
Oslo SE (4/1/83)	339.57	341.52	336.75	(c)	345.8 (8/2)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	822.45	825.58	828.56	822.30	952.65 (7/5)	764.38 (18/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1068.8	1068.8	1075.5	1140.8 (15/4)	836.1 (11/2)
JSE Indust (28/9/78)	—	980.1	880.1	982.1	980.1 (21/5)	767.1 (7/5)
SPAIN						
Madrid SE (28/12/84)	111.56	110.77	110.67	110.98	117.41 (4/2)	101.49 (2/1)
SWEDEN						
Jacobson & P (11/58)	1393.32	1396.35	1417.55	1401.95	1486.90 (11/2)	1361.88 (2/1)
SWITZERLAND						
SwissBank Cpn. (31/12/58)	434.3	435.2	432.3	431.1	435.2 (21/5)	386.7 (2/1)
WORLD						
Capital Intl. (1/1/70)	—	212.2	212.2	209.7	212.2 (20/5)	184.8 (4/1)

** Saturday May 18: Japan Nikkei-Dow 12,516.14. TSE 982.93.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER

Continued from Page 40

Stock		Sales (Hnds)	High	Low	Last	Chng
Flakey		299	7¼	6¾	6⅞	−⅛
Flexstl	.48	x5	13¼	13	13¼	
Fightin		1	3¼	3¼	3¼	
Florix s		305	3⅞	3⅝	3⅞	+⅛
FlaCom	.56b	1	28½	28½	28½	
FlaFdl	.15e	511	18⅞	18½	18⅞	+⅛
FlaGulf		8	15	15	15	−⅛
FINFI s	.80	15	38¾	38¼	38¼	−½
FlowS s		100	15⅝	15¼	15¼	
Flurocb	.24	310	13	12½	13	+⅝

Stock		Sales (Hnds)	High	Low	Last	Chng
Imuno		29	4⅝	4½	4½	−⅛
Imugen		574	2¼	2	2¼	
Inacmp		96	5½	5⅛	5⅛	−½
IndBcp	1.92	35	41	40¼	40¾	+½
IndHldg	.05e	3	10½	10½	10½	
IndBnc	.30r	26	8	8	8	−½
IndN	1.40	31	43¼	43¼	43¼	
IndN pf		1	31	31	31	
IdplWat	2.66	44	33	33	33	
IndEl		39	2½	2⅜	2⅜	

Stock		Sales (Hnds)	High	Low	Last	Chng
LocalF	.07e	132	17½	17¼	17½	+¼
LondnH		7	8¼	8	8¼	+¼
LongF	1.28	52	22¾	22	22¼	
Lotus		1617	31	30¼	30¾	−¼
LaBnch	.60	134	18½	18¼	18¼	−½
Lynden		3	24½	24½	24½	
Lypho s		7244	21⅝	19¼	21	+1⅞

Continued on Page 50

BUSINESS LAW

How to remove most of the civil disputes from the courts

By A. H. HERMANN, Legal Correspondent

LAST WEEK Sir John Donaldson, the Master of the Rolls, addressed arbitrators twice: first, when the, mainly London, arbitrators were assembled at the annual dinner of the Chartered Institute of Arbitrators; and two days later, on opening the institute's seminar on the choice of arbitration rules in international disputes.

The latter was a rather tame performance, repeating the often heard but seldom followed admonishment that the drafting of the arbitration clause is not something to be left until well after midnight when the negotiators are exhausted and elated by the successful cracking of the "essential" clauses of the contract — and possibly also by the drink consumed in the process.

The first speech, by contrast, was not tame at all. After Lord Denning, who is a law reformer, we have now a *Master of the* Rolls who wants to reform the courts and the machinery of juctice. Or did I hear the voice of a future Lord Chancellor?

Sir John Donaldson is, of course, pushed by necessity. Too many appeals are chasing too *few* courts. His time-saving improvements in the civil branch of the Court of Appeal, though resented by barristers, have helped. The Court of Appeal disposed last year of nearly 1,100 appeals, an all-time record but Sir John is apprehensive: "If there is any increase in the number of appeals being set down, delays *will begin to* mount as the backlog increases." This is a problem, he says, which affects not only the Court of Appeal but the whole of the civil administration of justice.

Active judges

The Master of the Rolls urges the judges—and arbitrators, the private branch of the law industry—to adopt a more active posture: "The judge or arbitrator who sits back and says nothing when the parties or counsel are labouring a point he fully understands and may indeed accept, is not helping the parties. *He is just* increasing the cost of settling the dispute."

This may sound just sheer common sense to the businessman, but is viewed as revolutionary by the Bar. Are we not moving towards the continental system, conveniently labelled "inquisitorial" (to bring to mind the horrors of the Spanish inquisition)? The English judge, and his wigless *alter ego*, the arbitrator, exist, according to the accepted wisdom of the profession, merely to hold the rope at which the two parties pull in opposite directions. Any curtailment of the long speeches (lawyers are on time rate) is against natural justice. But the *red light* which stops American lawyers after 30 minutes of speech-making is not against natural justice (especially when *the American lawyer* is not paid according to the time spent on his feet but receives a share in the award).

Whatever the Bar may think, Sir John's admonishments, and even the written "skeleton" pleedings he introduced, are not *really revolutionary*. The only remedy which would achieve a change of heart in the legal profession, and shorten not *only barristers speeches* but the entire proceedings, would be a radical revision of the ways lawyers are being paid. The U.S. system of payments by results (contingency fees) is not the only possibility, though its rejection ought to be reconsidered, particularly in the areas where the impecunious party to a dispute, often the victim of an accident, is above the legal aid limit and does not dare to come near the courts for fear of being bank*rupted by legal costs.*

There are other possibilities, well tested elsewhere, such as scales of fees proportionate to the amount in dispute. A system of flat fees for certain standard litigations and arbitrations would do wonders in shortening the proceedings—we might be even faced with the problem of judicial redundancy.

No such fear at present! There are limits to the amount of time that can be saved by a greater readiness of the judge or the arbitrator to *curtail* repetitive speeches, says Sir John. "In the end, if the demand for disputes settlement increases further, as *I* think that it will, we are going to have to find more judges."

Radical idea

The Master of the Rolls thinks that this will not be easy. The number of trained lawyers is limited, and even fewer are able and willing to become professional judges. At this point of his speech Sir John, who has always straddled the divide between litigation and arbitration, came forward with his radical proposition: if justices of the peace, who are not usually lawyers, can try over 90 per cent of criminal cases, why could not arbitrators play a similar role in the resolution of civil disputes? But justices of the peace are trained to try criminal cases and arbitrators should receive similar training for trying civil disputes.

The Master of the Rolls said: "The Chartered Institute has done more than anyone else in this country in training arbitrators. It is the only body which conducts examinations in the art or science of arbitration and confers specific qualifications. I think the time may well come when it will be thought desirable to restrict the enforcement of awards to those made by qualified arbitrators, at least so far as non-international arbitration is concerned."

Now this is a welcome departure, quite unexpected from a judge but it has to be considered from all sides to see how such a system could be made to work. There is no doubt of the urgent need to *lighten the burden of the* courts, and even more to reduce the costs of settling disputes but the two things are contra*dictory in the sense that*, the cheaper litigation and arbitration are, the more people turn to them for settling of their *disputes*.

There are thousands of arbitrations taking place in London each year which are about the quality of the delivered goods and are settled quickly by sniffing, *tasting* or touching. These have little in common with the other type of arbitration concerned with the interpretation of contracts. That is *considered* to be an *issue of* law and, as such, exposed to the possibility of judicial review.

No appeals

Though this can now be avoided if the *dispute* is about a "one-off" contract and the result would make no difference to the interests of the parties, an appeal to the Commercial Court, opening the possibility of further appeals to higher courts, is still a real danger in London arbitration of shipping, commodity and insurance disputes, where the parties cannot opt out of the court's supervision. For this reason arbitrations are very often conducted as a rehearsal for a possible litigation, and their only real advantage to the parties is confidentiality. Otherwise, the parties might be often served better by going straight to the commercial court.

The first requirement for making arbitration work, therefore, is the removal of the judicial review of points of law. Once this is done, parties in dispute will have no need of barristers to represent them, and arbitration will be faster and cheaper.

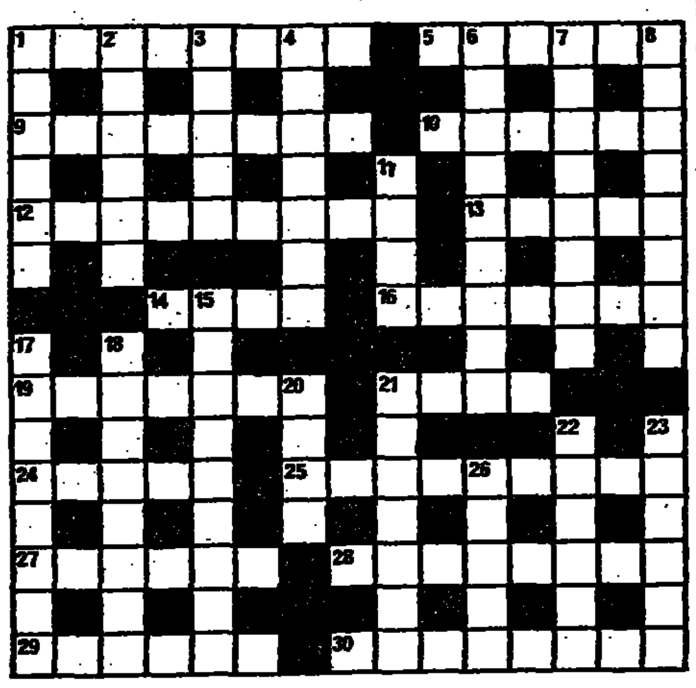
The second question concerns the method of channelling to arbitration disputes which now go straight to courts. One can adopt either the methods used in some federal circuits in the U.S., where the courts can order arbitration whenever the amount in dispute is under a certain limit, or one can go the French way. This is to establish regional commercial courts composed of *lay judges elected* by the business community. These commercial courts decide mainly on the basis of an *opinion by an expert appointed* by them from a semi-permanent panel. The more legally difficult cases are usually steered to the *first bench of the court with* more experienced lay judges who may have some legal training.

This system has very much the same function as English arbitration but is less formal, faster and cheaper than "big" arbitration when parties come with lawyers. It has two serious disadvantages. First, in a provincial town all the businessmen know each other and have intertwined interests, so that the impartiality of elected *judges can be questioned.* Second, the panels of experts, who play a crucial role, are often out-of-date and inadequately specialised, so that it may happen that an electrical contractor is invited to give an expert opinion on a computer or another electronic device.

The first disadvantage is avoided in the system of German and Austrian commercial courts, where a professional judge sits with two businessmen, but this seems to be far from what the Master of the Rolls had in mind.

Above all, the law should be made more certain and understandable to businessmen. To repeat the conclusion of last week's column: There is need for a commercial code, preferably passed by Parliament, but more probably agreed privately by the business community.

F.T. CROSSWORD PUZZLE No. 5,725



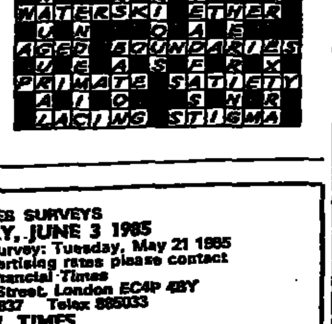
ACROSS

1 Look again for work as a scientist (8)
5 A journalist travelled back occupied by an article (6)
9 Usually firm only after midsummer (8)
10 Left on board, being good fellows (6)
12 New post quite undemanding? That's illuminating! (9)
13 Place on record doctor's backing (5)
14 A cold man can cause suffering (4)
16 Change in rates with more unpleasant result (7)
19 Rises when a little cash is required (7)
21 Cover made of leather (4)
24 Greek character in debt—he takes out another mortgage (5)
25 A French mother, old but not spoilt (9)
27 Tin ore may be obtained from the East (6)
28 Study substantial contract (8)
29 Watch some soldiers draw back (6)
30 A clouded picture (8)

DOWN

1 Set back one's vacation? (6)
2 His distressing experience left him feeling quite weak (6)
3 An island everyone gets around to (5)
4 City company needing money *gone bust* (7)
6 Gloomy document about news media (9)
7 Jack's gratuities? (8)
8 *Girls seen together in the* garden (8)
11 Shock some almost unshockable people (4)
15 A vessel, ancient or otherwise (9)
17 A man forming designs on those who patronise him (8)
18 Many edge in to give voice—it's intriguing (8)
20 The only sound spirit (4)
21 Tot surrounded by wine and fish (7)
22 Making a note to complete a business programme (6)
23 *Hold on* when there's a dunderhead present (6)
26 Old king offered aid possibly in writing (5)

Solution to Puzzle No. 5,724



APPOINTMENTS

Changes planned at Avon Rubber

Mr Peter Fisher, managing director of AVON RUBBER since August 1975, will retire from that post after the annual meet*ing in February. He will con*tinue in a non-executive capacity as deputy chairman, a post he has held since January 1979. Mr Anthony Mitchard, who has been a member of the board since December 1973, will succeed Mr Fisher on his retirement.

★

Mr Peter Hewitt, managing director of Canada Dry Rawlings, has been elected president of the NATIONAL ASSOCIATION OF SOFT DRINKS MANUFACTURERS. He was vice-president and succeeds Mr George Gray, who is retiring from the industry. The new vice-president is Mr Ian Valder, managing director of Corona Soft Drinks, *a branch of Beecham Group.*

★

The following appointments have been made by EQUITY & LAW LIFE ASSURANCE SOCIETY from July 1: Mr Chris Brocksom (chief actuary) to be a deputy general manager; Mr Duncan Kerr (an assistant general manager) to be chief actuary; Mr Mitch Brown (pensions manager) to be an assistant general manager; Mr Brian Emery (accountant) to be pensions manager; Mr John Walsh (a regional sales manager) to be sales manager; Mr Peter Huntley (branch manager Reading) to be a regional sales manager.

★

Mr D. A. H. Davies has been appointed a director of A. COHEN & CO.

★

Mr Peter Shields has been appointed regional director and general manager at the Yorkshire and Humberside regional head office of LLOYDS BANK based at Leeds. He succeeds Mr Tom Colver, who died last January. Mr Shields will direct a team of senior managers responsible for lending control, marketing, and business development throughout the 114 branches of the bank within the region. Professor F. G. T. Holliday, vice-chancellor and warden of Durham University, has been appointed a member of the northern regional board of Lloyds Bank from July 1. The board sits at Newcastle upon Tyne.

★

Mr Tony Eassom has been appointed a director of WALTER *LILLY & CO*, a *Lovell* Group company.

★

Professor Sir Sam Edwards has been appointed a non-executive director of STEETLEY.

★

Mr Patrick Montgomery has *been elected president of* UKASTA. He is managing direc*tor of James Clow and Co*, a subsidiary of W. and R. Barnett, Belfast, of which he is also a director. His primary respon*sibility is the manufacture of* feeds, mainly for the chicken and turkey sectors in Northern Ireland.

★

Mr Juhani Numminen has joined SCANDINAVIAN BANK GROUP as general manager, forest industry department, in succession to Mr *Karl-Johan* Sallner. Mr Numminen was previously Finland's Trade Commissioner *in Montreal*, with specific duties involving trade promotion in the forest industry sector.

★

Mr Jonathan King has been appointed marketing director of ELEQUIP. He was formerly marketing director of Brown and Sharpe (Europe). Mr King will be responsible for combining the operations of Elequip's electronics, power control, power generation, and electrical installations divisions to support the company's growth in custom-engineered electrical systems.

Mr David Gilpin *has* been appointed financial director of BRITISH AIR FERRIES GROUP. He was financial director of Kibblewhite and Blackmur, part of the timber division of Harrisons and Crossfield.

★

Sir Philip Foreman, chairman and managing director of Short Brothers, has been elected 1985-1986 president of the INSTITUTION OF MECHANICAL ENGINEERS. He succeeds the retiring president, Dr Waheeb Risk.

★

Mr Peter Dawson has been appointed managing director of *JOHN BLACKWOOD HODGE* AND CO. Mr Dawson joined in December 1984 as director and general manager. Former manag*ing director*, Mr Brian Thompson, takes over the chairmanship from Mr Arthur Richards who remains on the board. Mr Ken Taylor, who joined Blackwood Hodge in 1982, has been appointed finance director.

★

Mr Richard Field has been appointed group marketing director of MARTLETT PROPERTY SERVICES.

★

GRINDLAYS BANK has appointed Mr Ian Lloyd as director, personnel. He was formerly personnel director of Alfred Dunhill, and worked within the Hay-MSL Group.

★

Mr Robert Pargetter has been appointed president of the NATIONAL ASSOCIATION OF FUNERAL DIRECTORS. He is managing director of A. Pargetter and Son, Coventry.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)(z)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd	64.9	69.1	+0.3	3.07
Accum Units	96.0	102.2	+0.5	3.07
Pearl Inc.	88.7	94.4	+0.3	4.98
Pearl Unit Tst.	94.9	101.0	+0.3	3.92
(Accum Units)	158.3	168.5	+0.6	3.92

Perpetual Unit Trust Mngmt. (a) (z)
48, Hart Street, Henley on Thames. 0491 576868

Growth	181.9	195.2	....	1.47
Income	138.7	148.5	....	5.49
Worldwide Recovery	106.4	114.7	....	2.08
American Growth	58.2	62.5	....	0.67
Intl. Emerging Cos.	59.0	63.3	....	0.79
Far East Growth Fd.	50.0	50.0	....	1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	106.6	114.2	−0.2	0.40
Prolific Extra Inc.	63.0	67.0	+0.3	5.68
Prolific Gilt Cap.	78.3	82.3xd		9.38
Prolific High Inc	131.4	139.8xd	+1.2	4.98
Prolific Intl.	87.1	93.3xd	....	1.51
Prolific N. Amer.	116.2	124.5xd	+0.1	1.88
Prolific Spec. Sits	150.7	160.3		1.26
Prolific Technology	115.3	123.9	+0.2	0.81

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	49.2	52.1	+0.3	0.18
Worldwide	48.3	51.2	+0.1	1.58
European Trust	47.0	49.8		0.94
North American	51.8	54.9	+0.2	1.11
UK Equity	49.7	52.6	+0.1	3.05

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Prudential	329.6	350.6xd	+1.3	3.30
Holborn Gilt Tst.	146.2	153.0xd		9.06
Holborn High Inc	53.2	56.5		7.63
Holborn Intl	58.0	61.6	+0.3	0.51
Holborn UK Growth	64.1	68.1	+0.4	2.64

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd.	323.6	344.3	..	3.43
Quadrant Income	182.7	192.4		6.21
Quadrant Intl. Fund	302.6	318.6xd		1.53
Quadrant Recovery	202.4	213.1	.	3.50

Reed Stenhouse Inv Services Ltd
145 Borough High St, Ldn SE1 1NV 01-628 6011

Wellington Inc	47.9	51.0		2.00
Wellington Growth	98.91	105.2xd	.	2.00

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent. 0892 22271

British Life	134.8	152.5	+0.6	4.28
Reliance Unit Tst (Inc)	87.3	93.3	+0.7	3.93
Reliance Ut Tst (Acc)	112.6	120.3	+0.9	3.93

Ridgefield Management Ltd.
35 Fountain St, Manchester M2 2AF 061-236 5685

Income UT	95.1	101.7		6.69
International UT	233.2	249.4	−1.7	1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4. 01-280 5456

NC America (Inc)	231.2	245.4	+0.2	—
NC America (Acc)	247.7	260.7	+0.3	—
NC Engy Res. Tst.	177.1	186.4	−0.3	—
NC Inc Fd.	330.8	348.2xd	+0.7	—
NC Japan Fund	115.7	121.7		0.02
NC Smaller Cos.	110.1	115.8	+0.1	—
NC Smaller European	101.8	107.1	+0.4	—
NC Exempt Gilt Tst*	£116.0	121.0xd		11.18
NC American Prop*	$11.21	11.80xd		—
NC Prop.*	185.0	194.8xd		—

*Unauthorised Unit Trusts.

Rowan Unit Trust Mngt. (a)
1 Finsbury Av, London, EC2M 2PA. 01-606 1066

American May 17	193.5	197.5		1.06
Securities May 21	546.0	561.0		2.75
High Yield May 17	130.0xd	133.5xd		5.89
Merlin May 22	267.0	275.0	−8.0	1.96
Fixed Interest	145.0	146.0		2.95
High Interest	117.5	118.5	+2.0	12.54
Far East May 21	121.5	125.0		1.03

Royal Life Fd. Mgmt. Ltd.
New Hall Place, Liverpool L69 3HS 051-227 4422

Equity Trust	48.7	51.8xd	+0.3	3.04
International Trust	56.1	59.6	+0.4	1.73
United States Trust	27.7	29.4	+0.2	2.06
Pacific Basin	24.8	26.3	+0.1	0.85

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	98.8	105.2	+1.0	1.18
Do. Accum	101.8	108.3	+1.1	1.18
TSB Extra Income	87.6	93.2	+0.3	6.05
Do. Accum	97.5	103.8	+0.4	6.05
TSB General	121.1	129.0	+0.4	3.26
Do. Accum	193.4	205.7	+0.5	3.26
TSB Gilt & Fxd Int.	46.0	48.0xd	.	9.93
Do. Accum	55.6	58.0	..	9.93
TSB Income	165.0	175.6	+1.1	4.83
Do. Accum	243.8	259.4	+1.7	4.83
TSB Pacific	109.3	116.3	.	1.07
Do. Accum	111.2	118.3	+0.1	1.07
TSB International	230.5	245.3xd	+1.5	1.88
Do. Accum	280.5	298.5	+1.8	1.88
Natural Resources	50.1	53.3xd	−0.3	2.81
Do. Accum	50.5	53.8	−0.3	2.81
TSB Slctd. Opps.	48.3	51.4	+0.2	2.38
Do. Accum	51.8	55.2	+0.2	2.38

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	73.8	78.9	+0.9	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	68.5	73.3	.	0.19
Australia	30.0	32.0	−0.6	0.10
Commodity	100.4	108.0	−0.4	1.95
Energy	47.1	50.4	.	0.65
Equity	103.2	110.1		3.66
European Spec. Sits	48.7	52.1	.	0.96
Extra Income	88.2	94.3		7.48
Financial	206.5	220.3	+0.1	2.90
Gilt Capital	210.0	219.9	+0.1	3.25
Gilt Income	100.2	104.9xd	−0.1	9.27
Gold Income	68.0	73.1xd	-	3.92
Gold Acc.	122.9	132.2	.	2.17
Income	60.5	65.1		5.75
Investment Tst.	99.5	106.1	+0.1	1.28
Japan	44.5	47.5	+0.2	0.10
Malaysian & Singapore	27.9	29.8xd	+0.3	0.90
Pacific Income	68.9	73.7	−0.7	1.04
Pacific Re Inv.	83.7	89.5	−0.9	1.04
Preference Share	15.2	16.4xd	+0.1	10.72
Professional	494.0	526.9xd	+6.0	1.96
Special Sits	87.4	94.0	+0.2	1.83
Technology	42.8	45.8	−0.1	0.1
U.S. Special Bond	49.0	52.4	+0.2	6.34
Worldwide Capital	114.0	121.6	+0.3	1.76
Equity Exempt May 15	636.7	679.1xd	.	2.47
Equity Ex Acc. May 15	1170.2	1248.3	..	1.34

Temple Bar Unit Trust Mgrs Ltd
Electra Hse, Temple Pl, Vic Emb, WC2 836 7766

Electra Small Cos. Fd.	123.67	130.42		3.74
High Income	41.7	44.7xd	+0.2	7.56
North American	109.5	116.4	+1.4	0.66
Recovery	119.8	127.4xd	+0.1	3.89
Gilt Trust	36.7	38.0xd	+0.1	10.03
St Vincent U.S. Gwth	70.5	73.5	+1.1	0.84
St. Vincent High Inc	67.9	70.1	−0.5	6.25

Touche, Remnant Unit Trust Mngt. Ltd.
Mermaid Hse, 2 Puddle Dock, EC4 01-248 1250

TR American Growth	26.5	28.6	−0.2	0.32
TR General Growth	39.3	41.8	+0.2	2.46
TR Global Tech.	317xd	317xd	+0.1	0.10
TR Income Growth	44.8	48.2	−0.1	4.97
TR Income Monthly	39.1	41.6	+0.4	7.41
TR Overseas Growth	34.6	36.8	+0.2	1.76
TR Smaller Cos.	40.8	43.5		1.42
TR Special Ops	42.6	45.9	+0.1	1.28

Trades Union Unit Trust Managers
100, Wood Street, EC2. 01-628 8011

TUUT May 1	127.4	134.2xd		3.80

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd., Chelmsford. 0245-51651

Colemco May 17	372.9	389.6	-	3.14
(Accum. Units)	595.5	622.0		3.14
Fielding Fd May 16	190.9	204.8		3.74
(Accum. Units)	207.2	222.3	-	3.74
Fielding Inc May 16	134.2	144.1		5.21
Fielding Aml&Gen May 16	193.6	205.2	-	2.52
(Accum. Units)	217.7	230.7	.	2.52
S&W American May 22	138.4	145.2xd	−0.1	3.01

Tyndall Managers Ltd.(a)(b)(c)
18, Canynge Road, Bristol. 0272 732241

Australian Securities	68.4	73.2xd	−1.5	0.87
(Accum. Units)	70.4	75.4	−1.5	0.87
Capital	272.2	288.6xd	+0.6	3.96
(Accum Units)	470.0	498.2	+1.2	3.96

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Equitable Life Assce. Soc.
31, St Andrew Sq, Edinburgh. 031 556 9101

Mixed	215.9	226.7	+1.1	—
Equity	242.2	255.0	+1.1	—
Property	118.4	124.7		—
Fixed Interest	126.9	133.6	+0.8	—
International	225.9	237.8	+0.3	—
Index Linked	108.6	114.4	-0.1	—
Cash	119.50	125.79	+0.04	—
Edinburgh Inc.	116.7	122.9		—
Edinburgh American	117.6	123.8	+1.1	—
Baillie Gifford Japan	104.6	110.2	+1.1	—

Scottish Life Investments
19 St Andrew Square, Edinburgh. 031-225 2211

Property	104.5	110.1	—	—
UK Equity	126.6	133.3	+0.4	—
American	134.7	141.8	+0.1	—
Pacific	105.5	111.2	-0.4	—
European	116.8	123.1	+0.6	—
International	118.4	124.7	-0.1	—
Fixed Interest	100.2	105.6	—	—
Index Linked	101.1	106.5	+0.5	—
Deposit	102.2	107.7	—	—
Managed	112.9	119.0	—	—
Pens. Property	108.1	113.9	—	—
Pens. UK Equity	134.3	141.5	+0.6	—
Pens. American	143.2	150.8	+0.2	—
Pens. Pacific	108.2	114.0	-0.4	—
Pens. European	121.8	128.3	+0.7	—
Pens. International	124.4	131.1	—	—
Pens. Fixed Int.	102.8	108.3	—	—
Pens. Index Linked	103.6	109.1	+0.2	—
Pens. Deposit	107.2	113.0	—	—
Pens. Managed	117.5	123.8	—	—

Sun Life Unit Assurance Ltd.
St James Barton, Bristol BS99 7SL. 0272 426911

Managed Acc.	322.0	339.0	+0.3	—
Property Acc.	196.7	207.1	—	—
Equity Acc.	450.5	474.3	-1.2	—
Fixed Interest Acc.	179.5	189.0	+0.2	—
Index-Linked Acc.	104.2	109.7	+0.1	—
Cash Acc.	165.3	174.0	+0.1	—
American Equity Acc.	183.70	193.4	+0.6	—
U.S. Bonds Acc.	108.3	114.0	+0.8	—
Japan Acc.	111.5	117.4	+0.8	—
Pacific Acc.	111.3	117.2	+0.8	—
Far Eastern Acc.	246.0	259.0	+0.9	—
International Acc.	230.6	242.8	+1.9	—
U.S. Dollar Acc.	103.7	109.2	+0.6	—
Yen Acc.	96.9	102.1	+0.4	—
European Currency Acc.	95.5	100.6	+0.6	—
Distribution	143.7	151.3	—	10.00

Sun Life Pensions Management Ltd
(funds for individual pension contracts)

Pens. Managed Acc.	317.3	334.0	+1.2	—
Pens. Property Acc.	159.5	167.9	—	—
Pens. Equity Acc.	408.9	430.5	+2.0	—
Pens. F. Interest Acc.	170.7	179.7	+0.3	—
Pens. Ind. Lnkd. Acc.	105.7	111.3	—	—
Pens. Cash Acc.	166.2	175.0	+0.1	—
Pens. Amer. Equity Acc.	153.9	162.0	+0.7	—
Pens. U.S. Bonds Acc.	128.0	134.8	+1.0	—
Pens. Japan Acc.	113.5	119.5	+1.0	—
Pens. Pacific Acc.	133.8	140.9	-0.3	—
Pens. Far Eastern Acc.	362.0	381.1	+0.7	—
Pens. Internat. Acc.	291.8	307.2	+1.8	—
Pens. U.S. Dollar Acc.	109.4	115.2	+0.8	—
Pens. Yen Acc.	100.3	105.6	+0.8	—
Pens. Euro. Curr. Acc.	95.0	100.0	+0.1	—

Swiss Life Pensions Ltd
0732-450161

Arbuthnot Securities (C.I.) Ltd. (a)(c)(h)
P.O. Box 428, St. Helier, Jersey. 0534 76077

Dollar Income Tst (z)	$1.045	1.098	-0.001	10.98
Gov't Secs. Tst.	74.6	78.2	+0.1	12.78
Yen Bond*	Y198	208	+1	5.77
Sterling Fd*	179.2	179.3	....	—
Japan Growth*	219.2	235.8	+4.0	0.42

Next dealing *May 30. †May 29.

Aries Fund Managers Ltd.
PO Box 443, St Helier, Jersey. 0534 75141

Dollar Fund	$10.29	10.32	....	—
Sterling Fxd Interest	£9.64	9.67	....	9.75

B.I.A. Bond Investments AG
10, Baarerstrasse CH6301, Zug, Switzerland

Barer Sfd April 19	SF10,925	11,500	....	—

Julius Baer Bank & Trust Co Ltd
Butterfield House, Grand Cayman

Liquibaer J. Baer SFd.	$1,309	1,310	....	—

Bamford Brandt Guernsey Magt. Ltd.
PO Box 71, St Peter Port, Guernsey 0481 26541

Tech and Comm.	£7.72	8.17	....	—
Int. Growth	$14.50	15.34	....	—
Pac. Basin Fund	$24.86	26.37	....	—

Bank of America International S.A.
35 Boulevard Royal, Luxembourg GD

WorldInvest Inc	$120.88	121.48	....	9.08

Valued weekly on Wednesdays

Bank of Scotland
4 Don Rd, St. Helier, Jersey. 0534 38855

Man Mkt Chq Acc Jersey	12.05	....	—

Barclays Isle of Man Prime Account
PO Box 9, Douglas, IoM 0624 29331

High Int. chq.	12.25	....	—

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Unigilt Trust	[illegible]	44.8	....	11.40
Unidollar Trust	$15.04	15.94	....	0.80
Unibond Trust	$87.81	92.56	....	10.70
£Stg Multicurcy. Fd.	£10.67	[illegible]	....	12.70
US$ Multicurcy. Fd.	$20.99	[illegible]	....	7.30
DM Multicurcy. Fd.	DM41.07	[illegible]	....	4.60
[illegible]	[illegible]	[illegible]	....	5.00

EBC Trust Company (Jersey) Ltd.
1-3 Seale St, St Helier, Jersey. 0534-36331.

International Income Fund

US$ Dep Short A	$1.4730	+0.0002	—
Do. Dist.	$1.0192	+0.0002	—
Med Cur. Gilt term B	$1.1372	-0.0026	—
Do. Dist.	$0.8678	-0.0026	—
Eurobd. Long Term	£21.25	....	10.80

European Banking Traded Currency Funds

Income	9.52	9.815	-0.021	—
Capital	10.50	10.835	-0.023	—

Sterling Prices Indication Only

Income	7.50	7.731	+0.079	—
Capital	8.28	8.535	+0.034	—

*Offer price includes 3% prelim. charge.

The English Association
16 Athol St, Douglas, Isle of Man 0624 20738

E.A. Far East	$10.23	10.87	-0.04	—

Next dealing May 24.

Ermitage Management Ltd.
19 Royal Square, St Helier, Jersey, CI. 0534 76007

External Fund	$18.72	18.90	....	—
Bond & Cash Fd	£9.86	9.89	....	—
Cash Fund	£20.17	—	....	—

Ermitage Management Cayman Ltd.
PO Box 2192, Grand Cayman, B.W.I.

Gest Ermitage	$14.36	—	+0.48	—
Cayman Cash Fd	$10.25	—	....	—

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury House, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281

Europe-Obligations	$43.77	....	1.23

Eurotax Investments Ltd.
1, Athol Street, Douglas, Isle of Man. 0727 33166
UK Agents FIS St Albans.

Eurotax In.Fd.	99.56	104.83	....	—

Fidelity International

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.76	....	....	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.37	....	....	—
Dynamic Gwth Fd	$8.51	....	....	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.3	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.61	9.42	14.00	6mth
7-day Fnd	12.72	9.51	14.13	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.12	9.06	13.36	6-Mth
7-day Fund	12.33	9.22	13.60	6-Mth
Dollar	6.62	—	—	6-Mth
Money Magt. Acct.	12.00	—	—	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh, EH2 4DF 031-225 8484				

COMMODITIES AND AGRICULTURE

U.S. takes on EEC with major surplus dairy sale

BY NANCY DUNNE IN WASHINGTON

THE THREAT of an agriculture trade war between the U.S. and the EEC loomed ever larger yesterday, following the announcement by Mr John Block, the U.S. Agriculture Secretary, of two American dairy sales to traditional Community markets.

The U.S. has agreed to sell some government surplus stocks — $7.5m worth of dried milk, to be used as calves milk replacer, to Spain and $4.35m worth of butter oil (3,000 tonnes) to Jamaica.

France is usually the largest suppiler of butter oil to Jamaica, with the U.S. second and the UK third, according to U.S. Department of Agriculture officials. Spain is a major importer of EEC dried milk and whey products used in animal feed.

The sale comes a week after Secretary Block announced a different scheme to subsidies U.S. farm exports with government-owned commodities. He said the programme would be aimed at markets captured from the U.S. by unfair trade practices.

In announcing the dairy deals, Mr Block said his goal was to help U.S. agriculture exports "in a world trading environment which has become increasingly difficult for those who try to compete on the basis of comparative advantage."

The sale provides Spain with 25,000 tonnes of non-fat dry milk and an option to take an additional 40,000 tonnes. The U.S. dried milk surplus now totals nearly 1m pounds, so the sale lowers the stockpile only about 5 per cent.

Andrew Gowers adds: As well as upsetting the EEC, the new U.S. dairy sale is bound to be greeted with concern by other big dairy exporters such as New Zealand. By intensifying the competition in the already cut-throat dairy market, it may also have an impact on current attempts to restore order to the International Dairy Agreement (IDA).

The U.S. left the IDA, set up under the auspices of the Geneva-based General Agreement on Tariffs and Trade, in disgust in January following the EEC's unilateral decision to make a large sale of cut-price butter out of its own surplus stocks to the Soviet Union last year, and a subsequent wave of cut-price sales by other exporters.

The EEC deal has since been granted a waiver from the IDA's minimum price provisions, and recent negotiations in Geneva have focused on attempting to set up a mechanism whereby the Community could make another big cut-price sale to Russia without causing major disruption to the Agreement.

The U.S. sale will not unduly surprise IDA member countries, however, as Washington said when it pulled out of the Agreement that it planned to offload parts of its surplus in this way.

U.S. crude oil stocks resume advance

By Our Washington Staff

U.S. STOCKS of crude oil rose last week by 1.5m barrels to a total of 348.5m barrels, reversing the previous week's downturn. But they lagged behind last year's figures by 9.4m barrels. In the same week in 1984 stocks stood at 357.9m barrels according to the American Petroleum Institute.

Stocks of petroleum were 216.2m barrels, slightly up over the week. However, they showed a considerable shortfall of 32.7m barrels on 1984 levels. Lower stocks of leaded petrol accounted for over 75 per cent of the difference.

U.S. petrol prices have soared by 5 cents since Easter to a national average of $1.25, about the same price as this time last year, according to the American Automobile Association. Prices are expected to continue to rise slightly during the summer months.

Imports of crude oil dropped slightly to 3.6m barrels approximately the same level as last year's.

Stocks of distillate fuel oil totalled 99.8m barrels, a gain of 3.3m barrels on the week before. A year ago the figure was 97.5m barrels.

Residual fuel oil stocks declined by 1.3m barrels to 42.1m barrels over the week.

● The weighted average for the 23,508 packages of landed tea sold at Monday's London sale was 130.18 pence a kilo against 133.44p last week and 253.12p a year ago. The average for the 436,890 packages sold so far this year is 218.71p against 266.44p for the 405,796 packages sold by the same stage last year.

● World Production of 16 major oils and fats in the second half of this season is likely to rise to 32.4m tonnes from 30.4m in the same 1984 period, bringing this season's total increase to 3.6m tonnes, the Hamburg-based newsletter Oil World said.

● West Germany is expected to have a good grain harvest this year, below last year's record 26.49m tonne crop but above the longterm average of 23.81m, the Agriculture Ministry said.

Potato market may scrap physical delivery

BY ANDREW GOWERS

LONDON'S POTATO futures market is considering important changes to its contracts to take effect from next year. They could involve the eventual scrapping of deliveries under potato futures contracts and a shift to a cash settlement or index system.

The discussions between Potato Futures Association members stem from growing dissatisfaction with the present system among buyers and sellers—and in particular, from representations by the Potato Marketing Board, which has had considerable difficulties with deliveries over the past few months.

Among possibilities under initial consideration are the introduction of a cash settlement-only contract for early potatoes in the months from June onwards. According to Mr Bill Englebright, joint secretary of the Association, this would be a response to pressure from farmers who want a hedging opportunity for their early crop.

At present, futures trading is only possible for the main crop, from November onwards.

The early potato contracts could then be used as a test for the possible introduction of cash settlement contracts for the rest of the market.

Deliveries have caused difficulties in recent months particularly in relation to quality. Last November, the market faced its biggest crisis when sellers had problems in delivering after a single trader bought an unusually large number of contracts.

● London's new freight futures exchange, Biffex, announced yesterday that it had set up a working group to study the possibility of developing a tanker freight rate index in addition to its existing index for bulk dry cargo goods.

Copper price up as squeeze fears reappear

By Our Commodities Staff

COPPER PRICES shot up by more than £30 a tonne on the London Metal Exchange yesterday, and the three-month price re-established a premium over the cash quotation, raising new fears of a supply squeeze.

The cash price closed at £1,210.50 per tonne, compared with Tuesday's final level of £1,174. The three-month price ended at £1,197.75, against a previous £1,177.50.

Traders were baffled by the re-emergence of the cash premium, or backwardation, which comes only days after the more normal three-month premium had been restored, leading to hopes that the recent long supply squeeze was slackening off.

They said it did not appear to have been sparked by the same operators as caused the previous squeeze.

New spirit for a sagging market

John Edwards on Brazil's programme to convert sugar into fuel

DELEGATES FROM the world's sugar producing countries will be flocking to Brazil next month in the hope of finding a solution to the question that has been taxing the best brains in the industry—is there any way of relieving the over-supply crisis which recently drove world prices to the lowest level for 15 years?

Until quite recently the world sugar market had always moved in a cyclical boom and bust fashion. Periods of shortage raised prices, thus encouraging increased production which in turn pushed prices down again. In response production was reduced, causing a new shortage and another turn in the cycle.

The present crisis, however, seems set to continue indefinitely unless there are some major crop disasters in the main producing areas.

The existing structure of special inter-governmental trade deals coupled with price protection for a large proportion of the world's growers means that the heavy surplus overhanging the market is likely to remain for a long time unless some radical changes are made in the basic system.

The Brazilians, the world's biggest producers of sugar, have found their own solution, however, and are anxious to share it with the world.

Copersucar, the Brazilian co-operative that controls a large slice of the country's cane production, is staging an international symposium in Sao Paulo from June 24 to 28 entitled Sugar and Alcohol. As the title implies, it will consider whether other countries can emulate the Brazilian success story in switching a large proportion of their surplus cane sugar output into producing ethanol to bolster the world's diminishing energy resources.

The case for using sugar cane to produce ethanol rather than sugar is a powerful one on paper. Sugar cane is one of the best convertors among agricultural products of solar energy.

One acre of sugar cane produces 601.9 gallons of ethanol, compared with 375 gallons from one acre of maize. It is also a net positive producer of energy, that is the amount of energy it produces exceeds the amount required for its production and processing.

The advantage of sugar cane is that the dry matter, known as bagasse, which is left over after the sugar juice is squeezed out is used as fuel to provide power for the milling process. Indeed while the milling season is on, the bagasse often provides a surplus of energy that can be fed into the country's electricity system.

Sugar cane is a renewable source of energy providing pure alcohol that can be used as an alternative to gasoline and a variety of other products, including a whole range of ethylene-based chemical products.

For the moment, however, the big success story in Brazil has been the development of alcohol-powered cars. Contrary to the many stories about the "failure" of the Brazilian switch to alco-cars, based on the early teething troubles, the pro-alcohol programme launched in 1979 has been a tremendous success.

Over 90 per cent of the passenger cars produced ni Brazil are now also-cars. The early problems resulted from attempts to convert conventional cars to use ethanol. It was soon discovered that it was impractical just to modify the engine to the new fuel. The Brazilian automobile industry now leads the world in the development of specially designed alcohol-powered cars that have proved extremely popular with customers and also help the environment by reducing pollution.

All this was made possible by close co-operation between the Government, the automobile industry and cane produceds.

Th switch to alcohol-powered cars was encouraged, indeed made possible, by a series of Government measures and financial support that made ethanol more than competitive with gasoline. All kinds of incentives were used, including a ban on sales of gasoline at weekends to promote the use of ethanol in cars. But the most important factor has been the setting of ethanol prices in garages at a level below that of gasoline.

The Brazilian Sugar and Alcohol Institute (IAA) each year sets quotas on the amount of ethanol and sugar required, again providing a price incentive for increased output of alcohol.

It is quite easy for sugar mills at an early stage to decide whether to convert the juice obtained from cane either into sugar or into ethanol. A tonne of cane is converted either to 110 kilos of sugar or 700 litres of ethanol. The problem is providing the right financial reward to produce ethanol at the required rate to meet the planned national requirements and serve export markets.

Demand for sugar has been stagnant, especially in export markets. As a result the position has been reached where more cane is being converted into ethanol and sugar has been reduced to the status of a by-product.

All this has been achieved by the Brazilian Government ignoring the normal economic logic in favour of national needs. It is estimated, for example, that the cost of producing ethanol is between $45 to $75 a barrel, compared with less than $30 for conventional oil. However, its use does make economic sense for a country desperately short of foreign exchange and needing to promote the use of its abundant natural resources.

The purpose of the Sao Paulo symposium is to see whether other cane producers can or want to follow the Brazilian example.

The present state of the world sugar market means there is a powerful incentive for them to take some drastic action. Even if it may not be economically viable in the short term, there is at least as much logic in putting sugar to this use as in massively subsidising unwanted production. Reduced dependence on oil imports, and the development of a healthy domestic industry is desirable. Much depends, however, on the future prospects for ethanol as a source of energy. Already stocks have been building up ominously in Brazil and the declining price of oil and methanol (derived from natural gas) may put ethanol in the same position as sugar—too much supply chasing too little demand.

The problem of the chronic world sugar surplus and resulting historic low prices are being discussed at a two-day meeting of the International Sugar Organisation which began in London yesterday.

No moves towards the negotiation of a fully-operative price stabilising International Sugar Agreement (ISA) are expected, however. Following the failure of last June's attempt at renegotiating the 1977 agreement the ISA has, since the beginning of this year, operated simply as a forum for the exchange of information and opinions.

Before the talks began yesterday delegates said there was likely to be some informal discussion, however, of how the climate for a new round of negotiations might be improved if, for example, any of the larger exporters were to freeze or even reduce production.

Current estimates by ISA members are for an addition to world stocks this year of between 1m and 3.5m tonnes.

The meeting is to hear a report from the ISO sugar consumption committee, which is concerned with maintaining or increasing markets for sugar.

In addition members of the ISO council under the lapsed pact will hold a meeting to try to finalise outstanding details relating to the liquidation of its stock financing fund.

In Brussels meanwhile the EEC Commission granted export licences covering 57,350 tonnes of white sugar at its weekly export tender.

Of this total 22,850 tonnes was under the principal tender at a maximum export subsidy of 44.28 European currency units per 100 kilos, somewhat below the level forecast in the market.

The other 34,500 tonnes was under the supplementary tender with a subsidy of 44.035 ECUs per 100 kilos, which was within the forecast range.

LONDON MARKETS

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

[illegible]

COPPER

[illegible]

LEAD

[illegible]

NICKEL

[illegible]

TIN

[illegible]

ZINC

[illegible]

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	May 22 1985	+ or —	Month ago
Aluminium	£1100	....	£1100
Free Mkt	$1145/175	....	$1140/170
[illegible]	[illegible]	[illegible]	[illegible]

OILS	May 22 1985	+ or —	Month ago
Coconut (Phil)	$640x	....	$775
Palm Malayan	$600z	+5	$650
[illegible]	[illegible]	[illegible]	[illegible]

OTHERS			
Cocoa Ft. July	£1786	+4.5	£1880.5
Coffee Ft. July	£2082.5	+6	£2161
Cotton A Index	54.65c	−0.15	56.10c
Gas Oil July	$215.25	−0.25	$228.75
Rubber (kilo)	63p	....	65p
Sugar (raw)	$87.5xy	−2.5	$96
Wooltops 64s	475pkilo	....	456pkilo

‡ Unquoted. x May-June. y July. z June. † Per 76-lb flask. c Cents per pound.

GOLD

[illegible]

SILVER

[illegible]

FREIGHT FUTURES

[illegible]

GRAINS

Old crop wheat came under pressure throughout the day as physical demand waned and barley was also under pressure. New crops were featureless but slightly steadier, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
May	118.15	−0.75	111.90	−0.58
July	120.60	−0.85	—	—
Sept	99.90	−0.05	98.65	−0.05
Nov	103.20	—	102.55	+0.05
Jan	106.90	+0.10	106.05	—
Mar	110.15	+0.18	108.95	−0.10

Business done—Wheat: May 118.25-8.15, July 121.45-20.55, Sept 99.90-9.85, Nov 103.15-3.10, Jan 106.90-6.80, March 110.15-10.00. Sales: 126 lots of 100 tonnes. Barley: May untraded, Sept 98.90-8.80, Nov 102.50 only, Jan untraded, March 109.05-8.95. Sales: 18 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: E. Mids 113.90, N. East 112.90, Scotland 114.00. The UK monetary coefficient for the week beginning Monday, May 27, will change to 0.977.

LONDON GRAINS—Wheat: U.S. dark northern spring No 1 15 per cent June/July 142.25, Aug 143.25, Sept 141 sellers, transhipment east coast. U.S. No 2 soft red winter June 124.25, July 123.75, Aug 126.50, Sept 129, sellers. EC harvest 118 quoted. English feed fob June 124, Sept 101, Oct 104, Oct/Dec 106, Jan/March 111, sellers, east coast. Maize: U.S. No 3 yellow/French transhipment east coast May 150. Barley: English feed fob May 115.50, July/Aug 98.80, Sept 100, Oct/Dec 106, sellers, east coast. Rest unquoted.

RUBBER

PHYSICALS — The London market opened unchanged, attracted some covering interest throughout the day and closed slightly steadier, reports Lewis and Peat. Closing prices (buyers) spot 63.00p (same): June 67.00p (66.25p): July 67.50p (66.75p). The Kuala Lumpur fob price for RSS No. 1 was 191.0 (190.5) cents a kg and for SMR 20 was 180.5 (180.0).

COFFEE

In quiet conditions the market opened £3 higher on light trade buying, reports DBL. After extending early gains, prices gradually drifted lower against stronger sterling before recovering during more active afternoon.

COFFEE	Yesterd'ys Close	+ or —	Business Done
May	2032-40	+9.5	2035-22
[illegible]	[illegible]	[illegible]	[illegible]

INDICES

FINANCIAL TIMES

May 21	May 20	M'th ago	Year ago
[illegible]	[illegible]	[illegible]	[illegible]

(Base: July 1 1952 = 100)

REUTERS

May 22	May 21	M'th ago	Year ago
[illegible]	[illegible]	[illegible]	[illegible]

(Base: September 18 1931 = 100)

MOODY'S

May 14	May 13	M'th ago	Year ago
921.9	923.9	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	May 21	May 20	Month ago	Year ago
Spot	118.38	118.64	—	141.66
Fut.	121.67	121.76	—	143.17

(Base: December 31 1974 = 100)

COCOA

Futures opened at expected—£5-10 higher, but mixed selling kept prices from breaking significantly on the upside. Actuals business was light, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1756-1760	+16.5	1765-1752
July	1785-1787	+4.5	1804-1785
Sept.	1769-1770	−3.0	1788-1769
Dec.	1740-1743	−6.0	1757-1746
Mar.	1750-1751	−5.5	1765-1750
May	1762-1764	−5.5	1770
July	1765-1785	−3.0	

Sales: 3,185 (1,533) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for May 22: 96.31 (96.51): five-day average for May 23: 96.38 (96.82).

SUGAR

LONDON DAILY PRICE—Raw sugar $87.50 ($89.00), down $2.50 (down $1.50) a tonne for May-June-July delivery. White sugar $134.00, down $3.50.

Prices continued to ease during the morning and lost $2 before late short-covering lifted the market, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug.	96.2-96.6	96.8-97.2	97.0-94.0
Oct	98.4-98.8	99.6-100.0	99.6-97.6
Dec.	103.8-104.0	106.0-106.0	104.4-103.4
Mar.	118.2-118.6	118.8-119.0	118.6-116.8
May	122.0-123.0	121.6-122.2	122.0-120.4
Aug.	127.8-128.6	127.8-128.0	127.4-126.0
Oct	131.8-133.0	131.4-133.0	130.0

Sales: 1,661 (1,404) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £176.00 (£177.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for May 21: Daily price 2.89 (2.91): 15-day average 2.83 (2.84).

SOYABEAN MEAL

The market opened 50p to £1.00 lower in quiet conditions, reports T. G. Roddick. Values remained about unchanged throughout the afternoon.

	Yesterday close	+ or —	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

Sales: 217 (84) lots of 50 tonnes.

OIL

Few trades were done in a directionless crude oil market. Nymex WTI July opened unchanged and traded 1c up at 1 pm EST. In the petroleum products market gas oil was actively traded stimulated by German and Swiss end-user demand. Offers of high sulphur fuel held steady but buyers' ideas drifted downwards in response to the continuing over-supply.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	26.65-26.70	—
Arab Heavy	25.10-25.25	—
Dubai	25.15-25.20	—
Brent Blend	26.45-26.55	−0.05
W.T.I. (1pm est)	27.96-28.00	−0.10
Forcados (Nigeria)	26.40-26.55	—
Urals. (cif Med)	26.60-26.75*	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	290-293	—
Gas Oil	216-219	—
Heavy fuel oil	130-135	−0.5

* May

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
June	217.00	+0.25	218.25-16.50
July	216.25	−0.25	218.00-15.25
Aug	216.75	—	217.00-16.50
Sep	219.00	—	219.00-18.75
Oct	220.75	−0.75	—
Nov	223.50	—	—

Turnover: 553 (729) lots of 100 tonnes.

POTATOES

After a strong opening on old crop May, keen selling during the afternoon rapidly depressed the value. New crop remained very quiet for most of the day but slipped at the close, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
May	68.00	68.00	70.00-62.00
Nov.	64.50	64.30	64.50-64.00
Feb.	72.50	72.50	—
Apr.	84.80	85.20	85.50-84.50
May	90.30	90.50	91.00

Sales: 170 (192) lots of 40 tonnes.

PIGMEAT

Prices eased a little further initially but good support was evident at the lower levels, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
June	107.20	107.60	107.60-107.10
Aug.	101.60	101.40	101.90-101.00
Oct.	106.40	106.60	106.50
Nov.	106.80	106.80	—
Feb.	99.40	99.30	—
April.	99.80	99.80	—

Sales: 50 (3) lots of 50 carcases, 3,250 kg.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 99.71p per kg lw (−1.27). GB—Sheep 189.98p per kg est dcw (−33.95). GB—Pigs 79.63p per kg lw (−3.74). GB—AAPP 101.88p per kg dw (−0.07).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 78.0-82.0; English forequarters 54.0-56.0; Ulster hindquarters 97.0-102.0. Veal: Dutch hinds and ends 138.0-143.0. Lamb: English small 90.0-96.0, medium 86.0-90.0, heavy 82.0-86.0; Imported: New Zealand PL 65.5-66.5, PX 65.5-66.5. Pork: English under 100 lb 43.0-57.0, 100-120 lb 51.0-55.0, 120-160 lb 42.0-48.0.

U.S. MARKETS

GRAINS AND soyabeans opened lower and weakened for most of the day until, going into the close, heavy commercial buying of soya oil triggered local short-covering for the market to close mixed, reports Heinold Commodities. Heating oil opened around unchanged levels and lost ground through the day as it was picked up by the traders as the short leg of a spread against long gasoline and crude oil. The precious metals came under modest selling pressure in response to the recovery in the dollar. Copper was firm on reports of delays to Chilean ship ments in Europe. The weak tone of the U.S. economy continued to limit speculative interest in aluminium. Sugar was slightly lower on good offers at the Indian sugar tender.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
May	48.30	48.40	48.40	48.30
June	48.40	—	—	48.45
July	48.75	48.85	48.75	48.80
Sept	49.45	—	—	49.50
Dec	50.50	—	—	50.55
Jan	50.85	—	—	50.90
March	51.55	—	—	51.60
May	52.25	—	—	52.30
July	52.95	—	—	53.00
Sept	53.65	—	—	53.70

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
July	2085	2103	2068	2076
Sept	2063	2080	2052	2066
Dec	2021	2045	2014	2031
March	2023	2043	2010	2035
July	2038	—	—	2050

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sept	65.40	65.50	64.85	64.85
Dec	66.15	66.25	65.80	65.70
Jan	65.40	—	—	65.95
March	66.85	67.15	66.70	66.50
May	67.20	67.20	67.20	66.90
July	67.60	67.50	67.50	67.30
Sept	68.00	68.20	68.20	67.70

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	65.26	65.46	65.10	65.36
Oct	63.73	63.85	63.65	63.72
Dec	63.75	63.80	63.65	63.73
March	64.83	64.82	64.80	64.77
May	65.43	65.50	65.40	65.40
July	65.80	65.70	65.70	65.75

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
July	27.15	27.23	27.10	27.14
August	26.74	26.76	26.54	26.61
Sept	26.50	26.50	26.33	26.43
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz

[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

[illegible]

ORANGE JUICE 15,000 lb, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	664.2	—	—	671.1
July	674.3	—	—	681.3
Sept	685.2	—	—	692.2

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	3.04	3.08	2.98	3.10
Sept	3.21	3.22	3.15	3.24
Oct	3.34	3.38	3.28	3.37
Jan	3.77	3.79	3.75	3.79
March	4.24	4.25	4.15	4.24
May	4.43	4.43	4.35	4.40
July	4.61	4.61	4.55	4.58
Sept	4.75	—	—	4.72
Oct	4.92	4.88	4.85	4.96

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	63.15	63.45	62.82	63.17
August	64.50	64.57	64.15	64.32
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

[illegible]

SPOT PRICES—Chicago loose lard 19.50 (same) cents per pound. New York tin 551.0 (559.0) cents per pound. Handy and Harman silver bullion 618.0 (617.0) cents per troy ounce.

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. No. 2 Soft Red Winter June 140, July 139, Aug 142, Sept 144.75, Oct 144 sellers. U.S. No. 2 Northern Spring 14 per cent protein June 165, July 165, Aug 164.50, Sept 162, Oct 164, Nov 166.50, Dec 169 sellers. U.S. Northern Spring 15 per cent protein June 177.50, July 176, Aug 176.50, Sept 174.50 sellers. U.S. No. 3 Hard Amber Durum June 176, July 175.50, Aug 173.50, Sept 170, Oct 172, Nov 175 sellers. Canadian No. 1 Western Amber Durum June 186, July 186, Aug 185.50, Sept 184.50 sellers.

MAIZE—(U.S. $ per tonne): U.S. No. 3 Yellow afloat 133.50, June 131, July 130, Aug 129, Sept 127.50, Oct-Dec 124.60 sellers. Argentine Plate afloat 133, May 132.50, June 130, July 131 sellers.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 132 tonnes. Moderate trading developed with American growths in request. Users also wanted Middle Eastern varieties.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May unquoted, 515; Aug 532, 534, nil; Oct 533, 534, nil; Dec 532, 534, 534; Jan 535, 536, 535; March 543, 546, 544; May 550, 551, 551-550; Aug 562, 564, 564; Oct 562, 565, nil. Sales: 20.

PARIS

SUGAR—(FFr per tonne): Aug 1258-1260, Oct 1276-1278, Dec 1298-1305, March 1352-1355, May 1385-1405, Aug 1455-1469.

COCOA—(FFr per 100 kg): May 2150 asked, July 2080-2130, Sept 2071-2075, Dec 2040-2047, March 2050-2080, May 2055 bid, July 2055 bid.

Edinburgh heating study

A CONSORTIUM of nine private and public sector bodies is to examine ways of using waste heat from Edinburgh's coal fired power station to supply heating to buildings.

Half the costs of the £500,000 investigation are to be met by Government, which is also backing feasibility studies in Leicester and Belfast. Funding for any projects is expected to come from the private sector.

Acording to a government commissioned report, a combined heat and power project in Edinburgh could cost £500m and create thousands of jobs over the next 10 to 15 years as pipelines would be laid through the city carrying hot water from the power station.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to improve

The dollar finished towards the higher end of the day's range in currency markets yesterday and showed an overall improvement from Tuesday. Trading volume tended to thin out a little ahead of the long weekend in London and the proximity of the month end. A 1 per cent rise in U.S. durable goods orders was pretty much in line with market expectations and had not been expected to influence the market to any great extent anyway.

Recent comments stressing that the U.S. economy was set to rebound in the second half of this year may have been heartening but failed to provide any immediate incentive to increase dollar holdings. The U.S. unit finished at DM 3.0765 against the D-mark up from DM 3.0670 on Tuesday and SwFr 2.5865 compared with SwFr 2.5840. It was also better in terms of the Japanese yen at Y250.65 from Y250.25 and FFr 9.3850 from FFr 9.3550. On Bank of England figures, the dollar's exchange rate index was 145.2 from 145.4.

STERLING — Trading range against the dollar in 1985 is 1.2940 to 1.0525. April average 1.2414. Exchange rate index fell to 79.3, having touched a best level of 79.5 and compared with Monday's close of 79.5. The six-months ago figure was 75.1.

Sterling was slightly weaker overall, slipping against the dollar and also coming back from its best levels in terms of EMS currencies and the yen. Once again trading was relatively thin.

The relatively high level of UK interest rates provided the backbone of support for the pound and it remained an obvious investment alternative to the dollar. Against the U.S. unit, sterling slipped to $1.2635-1.2645, a fall of 80 points from Tuesday and it was also weaker in terms of the D-mark at DM 3.8950 compared with DM 3.8975. Against the Swiss franc it finished at SwFr 3.2750 from SwFr 3.2875 but rose against the French franc to FFr 11.8850 from FFr 11.87. Against the yen it slipped to Y317.0 from Y318.5.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.9730. April average 3.0856. Exchange rate index 121.9 against 123.2 six months ago.

The dollar finished firmer against the D-mark in rather quiet trading yesterday. At the fixing it advanced to DM 3.0720 from DM 3.0530, and there was no intervention by the Bundesbank. U.S. durable goods orders provided little impetus in the market although the dollar retained its slightly firmer trend in rather thin trading.

STERLING INDEX

	May 22	Previous
8.30 am	79.4	79.7
9.00 am	79.3	79.7
10.00 am	79.4	79.6
11.00 am	79.5	79.6
Noon	79.4	79.6
1.00 pm	79.5	79.5
2.00 pm	79.4	79.5
3.00 pm	79.2	79.1
4.00 pm	79.3	79.5

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian franc	44.9008	45.1301	+0.51	+0.61	±1.5471
Danish krone	8.14104	8.05682	−1.05	−0.95	±1.6419
German D-mark	2.24184	2.24227	+0.02	+0.12	±1.1478
French franc	6.87456	6.84216	−0.47	−0.37	±1.3689
Dutch guilder	2.52595	2.53209	+0.24	+0.34	±1.5171
Irish punt	0.72569	0.716765	−1.23	−1.13	±1.6673
Italian lira	1403.49	1432.13	+2.04	+2.04	±4.0610

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	May 22	Prev. close
£ Spot	$1.2635-1.2650	$1.2735-1.2750
1 month	0.53-0.51 pm	0.54-0.52 pm
3 months	1.48-1.44 pm	1.45-1.40 pm
12 months	3.80-3.70 pm	3.80-3.72 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

May 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2625-1.2750	1.2635-1.2645	0.54-0.51c pm	4.98	1.48-1.43pm	4.60
Canada	1.7290-1.7415	1.7310-1.7340	0.49-0.40c pm	3.08	1.43-1.29pm	3.14
Nethlnd.	4.38½-4.41	4.39¼-4.40¼	2⅛-2c pm	5.63	6¼-6pm	5.57
Belgium	78.18-78.69	78.30-78.40	29-24c pm	4.06	76-67pm	3.66
Denmark	13.95¾-14.03¾	13.96½-13.97½	4½-3½ore pm	3.44	11½-10½pm	3.13
Ireland	1.2438-1.2468	1.2440-1.2450	0.15p pm-0.02dis	−0.63	0.37pm-.06d	−0.50
W. Ger.	3.88¾-3.90½	3.89-3.90	2½-2¼pf pm	7.51	7-6¾pm	6.87
Portugal	217½-222½	217½-221½	95-420c dis	−14.06	310-1210dis	−13.83
Spain	219-220½	219½-220	10c pm-10 dis	—	15-45dis	−0.58
Italy	2,474½-2,488¾	2,483½-2,484½	2 lire pm-1 dis	−0.24	1pm-4dis	−0.24
Norway	11.19½-11.25	11.19¾-11.20¾	¼ore pm-½ dis	−0.13	½-⅞dis	−0.18
France	11.83½-11.92	11.88-11.89	2⅞-2¼c pm	2.59	7⅞-6¼pm	2.44
Sweden	11.24½-11.32	11.24¾-11.25¾	2⅞-3½ore dis	−3.40	9½-9¾dis	−3.35
Japan	315½-318½	316½-317½	1.77-1.67y pm	6.51	5.05-4.91pm	6.28
Austria	27.30-27.50	27.37-27.43	15-13¾gro pm	6.19	41½-37½pm	5.78
Switz.	3.26¾-3.29	3.27-3.28	2¼-2c pm	7.79	6½-6pm	7.40

Belgian rate is for convertible francs. Financial franc 78.45-78.55. Six-month forward dollar 2.47-2.42c pm, 12-month 3.85-3.70c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2625-1.2750	1.2635-1.2645	0.54-0.51c pm	4.98	1.48-1.43pm	4.60
Ireland†	1.0140-1.0215	1.0163-1.0173	0.42-0.32c pm	4.36	1.20-0.90pm	4.12
Canada	1.3680-1.3696	1.3680-1.3690	0.18-0.21c dis	−1.72	0.48-0.53dis	−1.48
Nethlnd.	3.4615-3.4845	3.4760-3.4770	0.20-0.17c pm	0.64	0.86-0.83pm	0.98
Belgium	61.67-62.04	61.90-62.00	6-7c dis	−1.27	16-17dis	−1.08
Denmark	11.01-11.07¾	11.04-11.04½	1-1½ore dis	−1.36	3¼-3¾dis	−1.27
W. Ger.	3.0625-3.0870	3.0760-3.0770	0.63-0.58pf pm	2.37	1.93-1.88pm	2.48
Portugal	173½-176	173½-174½	150-400c dis	−18.97	460-1150dis	−18.39
Spain	172.90-173.95	173.20-173.40	67-75c dis	−4.92	215-240dis	−5.25
Italy	1,956-1,970	1,963-1,964	8½-9 lire dis	−5.35	25-26dis	−5.20
Norway	8.83½-8.87	8.85¼-8.85¾	3½-3¾ore dis	−4.75	10¼-10¾dis	−4.75
France	9.34½-9.41½	9.38¼-9.38¾	1.85-1.95c dis	−2.44	5.15-5.40dis	−2.25
Sweden	8.87½-8.92	8.89¼-8.89¾	6-6½ore dis	−8.44	17½-18dis	−7.99
Japan	250.00-250.70	250.60-250.70	0.35-0.31y pm	1.58	1.07-1.02pm	1.67
Austria	21.54-21.62½	21.58-21.62	2¾-1½gro pm	1.25	8-5pm	1.21
Switz.	2.5740-2.5940	2.5860-2.5870	0.64-0.58c pm	2.84	1.86-1.80pm	2.84

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.05-62.15.

OTHER CURRENCIES

May 22	£	$		£ Note Rates
Argentina Peso	685.57-686.56	541.16-541.66	Austria	27.30-27.60
Australia Dollar	1.8290-1.8330	1.4440-1.4460	Belgium	78.50-79.30
Brazil Cruzeiro	6,699-6,731	5,290-5,310	Denmark	13.93-14.07
Finland Markka	8.1155-8.1405	6.3870-6.3990	France	11.84-11.96
Greek Drachma	170.21-173.73	134.09-136.91	Germany	3.88-3.92
Hong Kong Dollar	9.8555-9.8655	7.7750-7.7750	Italy	2475-2510
Iran Rial	116.60*	92.20*	Japan	317-321
Kuwait Dinar (KD)	0.3835-0.3839	0.30260-0.30270	Netherlands	4.38-4.42
Luxembourg Fr.	78.30-78.40	61.90-62.00	Norway	11.18-11.29
Malaysia Dollar	3.1125-3.1300	2.4615-2.4635	Portugal	214-229
New Zealand Dlr.	2.7940-2.8040	2.2060-2.2110	Spain	212½-222
Saudi Arab Riyal	4.5763-4.6604	3.6105-3.6109	Sweden	11.24-11.35
Singapore Dollar	2.8035-2.8095	2.2120-2.2140	Switzerland	3.26¼-3.29¼
Sth African Rand	2.5200-2.5400	1.9920-1.9960	United States	1.26-1.28
U.A.E. Dirham	4.6542-4.6592	3.6720-3.6730	Yugoslavia	315-340

* Selling rate.

CURRENCY MOVEMENTS

May 22	Bank of England Index	Morgan Guaranty Change %
Sterling	79.3	−10.5
U.S. dollar	145.2	+31.0
Canadian dollar	87.6	−6.9
Austrian schilling	112.2	+3.7
Belgian franc	89.2	−10.9
Danish Kroner	77.4	−5.6
Deutsche mark	121.9	+6.6
Swiss franc	139.4	+7.6
Guilder	112.2	+2.9
French franc	64.9	−16.5
Lira	45.3	−17.0
Yen	154.9	+11.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 22	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.783470	0.574823
U.S. $	7½	0.994540	0.730025
Canadian $	9.93	*	0.999769
Austria Sch.	4½	21.4761	15.7612
Belgian Fr	9½	61.5123	45.1301
Danish Kr	7	10.9767	8.05682
D'mark	4½	3.05520	2.24227
Guilder	5½	N/A	2.53209
French Fr	9½	9.32380	6.84216
Lira	15½	N/A	1432.13
Yen	5	249.030	182.798
Norway Kr	8	N/A	6.46707
Span'h Pta	—	N/A	126.477
Swedish K	11.5	N/A	6.49759
Swiss Fr	4	N/A	1.88492
Greek Dr'ch	20½	133.641	98.8381
Irish Punt	13¾	N/A	0.716765

*C$/SDR rate for May 20: N/A.

EXCHANGE CROSS RATES

May 22	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.264	3.895	317.0	11.89	3.276	4.398	2484.	1.733	78.35
U.S. Dollar	0.791	1.	3.077	250.7	9.385	2.587	3.477	1964.	1.371	61.95
Deutschemark	0.257	0.325	1.	81.39	3.051	0.841	1.129	637.7	0.445	20.12
Japanese Yen 1,000	3.155	3.987	12.29	1000.	37.49	10.33	13.87	7836.	5.465	247.2
French Franc 10	0.841	1.064	3.277	266.7	10.	2.756	3.700	2090.	1.458	65.92
Swiss Franc	0.305	0.386	1.189	96.79	3.629	1.	1.343	758.5	0.529	23.92
Dutch Guilder	0.227	0.287	0.886	72.09	2.703	0.745	1.	564.9	0.394	17.82
Italian Lira 1,000	0.403	0.509	1.568	127.6	4.785	1.318	1.770	1000.	0.697	31.54
Canadian Dollar	0.577	0.730	2.248	183.0	6.860	1.890	2.538	1434.	1.	45.28
Belgian Franc 100	1.276	1.613	4.971	404.6	15.17	4.180	5.613	3170.	2.211	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

May 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12⅛-12¼	7⅛-7½	8¾-9	7⅛-7¼	1¾-2¼	5⅜-5½	10⅛-10⅜	11½-12½	9¼-9½	9⅛-9⅝	6⅛-6⅜	8½-9
7 days' notice	12⅛-12¼	7⅝-7¾	8¾-9¼	7⅛-7⅜	1¾-2¼	5⅜-5½	10⅛-10⅜	13½-14½	9-9¼	9-9¼	6⅛-6⅜	8¾-9¼
Month	12⅛-12⅜	7⅛-7⅜	9-9¼	6⅞-7⅛	5-5⅛	5⅜-5½	10⅛-10⅜	12⅞-13⅛	8⅞-9⅛	8⅞-9⅛	6¼-6⅜	9-9½
Three months	12½-12⅝	7⅞-8	9¼-9½	6⅜-6⅝	5⅛-5¼	5⅜-5⅝	10⅛-10⅜	13-13½	9-9¼	8⅞-9⅛	6⅜-6⅝	9⅛-9⅝
Six months	12½-12⅝	8⅛-8¼	9⅜-9⅝	6¾-6⅞	5⅛-5¼	5⅜-5⅝	10⅛-10⅜	13¼-13⅝	9-9¼	9⅛-9⅜	6⅜-6⅝	9¼-9¾
One year	12⅛-12⅜	8⅝-8¾	9⅝-9⅞	6⅝-6⅞	5-5⅛	5⅝-5¾	10⅜-10⅝	14-14⅜	9⅝-9⅝	9⅝-9⅝	6⅜-6⅝	9½-10

Asian $ (closing rates in Singapore): Short-term 7⅛-7¼ per cent; seven days 7⅜-7½ per cent; one month 7⅝-7¾ per cent; three months 7⅞-8 per cent; six months 8⅛-8¼ per cent; one year 8⅝-8¾ per cent. Long-term Eurodollars: two years 9⅝-9¾ per cent; three years 10⅛-10¼ per cent; four years 10⅜-10½ per cent; five years 10⅝-10⅞ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Little change in London rates

Interest rates showed little change in London yesterday in featureless trading. Currency markets provided little impetus for any movement while domestic rates appeared reluctant to move much in either direction before further indications on the progress made by the authorities in containing inflation and money supply. Three-month interbank was quoted at 12⅝-12¾ per cent, unchanged from Tuesday, while three month eligible bank bills were bid at 11⅞ per cent compared with 12 per cent.

UK clearing banks base lending rate 12½-12¾ per cent since April 19

The Bank of England forecast a shortage of around £1,700m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £938m and Exchequer transactions a further £550m. There was also a rise in the note circulation of £125m and banks brought forward balances £85m below target.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £894m and comprised purchases of £9m of eligible bank bills in band 2 (15-33 days) at 12½ per cent, £26m in band 3 (34-63 days) at 12½ per cent and £24m in band 4 (64-91 days) at 12 per cent. It also arranged sale and repurchase agreements on £835m of bills at 12¼ per cent, unwinding in equal amounts on June 13 and 14. The forecast was revised to a shortage of £1,650m before taking into account the earlier help and the Bank gave additional assistance in the morning of £43m. This comprised purchases of £1m of eligible bank bills in band 1 (up to 14 days) at 12½ per cent, £40m in band 2 at 12½ per cent and £2m in band 3 at 12½ per cent.

In the afternoon the Bank gave help of £701m. This comprised purchases of £3m of Treasury bills and £6m of eligible bank bills in band 1 at 12½ per cent and £98m of eligible bank bills in band 2 at 12½ per cent. In band 3 it bought £17m of eligible bank bills at 12½ per cent and £1m in band 4 at 12 per cent. It also arranged sale and repurchase agreements on £576m of bills at 12⅜ per cent, unwinding in equal amounts on May 31 and June 4. Late assistance came to £15m, making a total of £1,653m.

MONEY RATES

May 22	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.45-5.55	10⅛	1⅝-1⅞	7⅛-7½	5.90625	14⅞-15¼	10-0	12¾-13
One month	5.60-5.75	10⅛-10⅜	5⅛-5⅜	7-7⅛	6.54375	14⅛-14½	8⅞-9⅛	12¼-12¾
Two months	5.65-5.80	10⅛-10⅜	—	—	—	—	—	12½-12¾
Three months	5.65-5.80	10⅛-10⅜	5⅛-5¼	6⅜-6⅝	6.34375	14¾-15⅛	9-9¼	12⅜-12⅝
Six months	5.70-5.85	10⅛-10⅜	—	6⅜-6⅝	—	—	9⅛-9⅜	12½-12¾
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	6⅞	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

May 22 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	10-13⅛	12¾	12⅛-12⅞	9-12¾	—	—	—	—	—
2 days notice	—	—	12⅝-12¾	—	—	—	—	—	—	—
7 days or 7 days notice	—	12⅝-12¾	12¾	12⅞	12⅝-12⅝	—	—	—	—	—
One month	12¾-12⅝	12⅝-12⅞	12¾	12¾	12½	12⅜	12¼	12⅜-12⅛	12¼	12⅞
Two months	12⅞-12⅝	12⅝-12⅞	12¾	—	12¼	12⅛	12⅜	12⅛	12⅛-12⅜	12¾
Three months	12½-12⅝	12⅝-12⅞	12⅝	—	12	11⅞	11⅞	11⅞	11⅞-11⅞	12⅞
Six months	12⅛-12⅛	12¾-12⅝	12⅝	—	—	—	—	11⅞	11⅛	12⅛
Nine months	12⅛-11⅞	12⅛-12¼	—	—	—	—	—	—	—	—
One year	11⅞-11⅞	12⅛-12⅛	12⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13¼-13	—	12⅞	7.55-7.65	7¾-8	9⅛-9⅛
Two months	13¼-13	—	12⅝	7.6-7.7	7⅞-8⅛	9⅛-9⅛
Three months	13⅛-12⅞	—	12⅝	7.7-7.8	7⅞-8⅛	9⅛-9⅛
Six months	12⅞-12⅝	—	12⅛	7.9-8.0	8-8¼	9⅜-9½
Nine months	12¾-12½	—	12¼	8.2-8.3	—	—
One year	12¼-12⅛	—	12⅛	8.4-8.5	8¼-8⅛	9⅛-9⅝
Two years	—	11¾	—	—	—	—
Three years	—	11⅝	—	—	—	—
Four years	—	11⅛	—	—	—	—
Five years	—	11½	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of interest period April 3 to May 7 (inclusive): 12.787 per cent. Local authorities and finance houses seven days notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13½ per cent from May 1, 1985. London and Scottish Clearing Bank Rates for lending 12½-13¼ per cent. Bank Deposit Rates for sums at seven days' notice 9.66-7.25 per cent (net). Treasury Bills: Average tender rate of discount 11.9939 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 12¾ per cent; one-three months 12¾ per cent; three-six months 12½ per cent; six-nine months 12¾ per cent; nine-12 months 12¼ per cent. Under £100,000 11¾ per cent from May 14. Deposits held under Series 5 12¾ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 22)

3 months U.S. dollars

bid 7 7/8	offer 8

6 months U.S. dollars

bid 8 1/8	offer 8 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	8¾
Fed funds	7⅜
Fed funds at intervention	—

Treasury Bills

One month	6.75
Two month	7.20
Three month	7.28
Six month	7.39
One year	7.63

Treasury Bonds

Two year	101⅛
Three year	101⁷⁄₃₂
Four year	104²³⁄₃₂
Five year	105⅞
Seven year	106¹⁵⁄₃₂
10 year	103²¹⁄₃₂
30 year	103¾

FINANCIAL FUTURES

Narrow range

Euro-dollar prices were confined to a narrow trading range in the London International Financial Futures Exchange yesterday. Prices tended to fluctuate during the day but met resistance as soon as any significant change developed from Tuesday's levels. Early trading saw contracts well bid and after an opening level of 91.34 the September price moved up to 91.35 before encountering selling pressure which took values down to 91.32.

However, these levels attracted renewed interest and so prices moved up to 91.35 once more. News of a 1 per cent rise in U.S. durable goods orders prompted further buying up to a high of 91.39 although a downward revision in the previous figure prompted a sell off towards the close. Once again however, there was strong resistance around the 91.30 level with dealers suggesting that the basic undertone still remained bullish. The contract for September delivery finished at 91.34, unchanged from the opening but up slightly from Tuesday's settlement price of 91.31. Recent trading tends to support those looking for further improvement.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	91.96	92.00	91.94	91.94
Sept	91.34	91.39	91.30	91.31
Dec	90.93	90.99	90.90	90.91
March	90.59	90.64	90.57	90.57
June	90.30	90.35	90.29	90.29

Estimated volume 5,112 (5,602)
Previous day's open int 18,921 (18,921)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
June	87.60	87.62	87.53	87.53
Sept	88.58	88.59	88.42	88.46
Dec	88.83	88.86	88.72	88.77
March	89.00	88.98	88.95	88.90
June	89.03	89.05	89.03	89.00

Estimated volume 2,425 (2,385)
Previous day's open int 7,317 (7,317)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	105-20	105-30	105-17	105-19
Sept	109-08	109-11	109-08	109-01
Dec	109-14	—	—	109-07
March	109-02	—	—	108-27

Estimated volume 1,623 (3,165)
Previous day's open int 3,729 (3,729)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) −10 to par (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.2665	1.2680	1.2620	1.2675
Sept	1.2530	1.2540	1.2485	1.2545
Dec	1.2430	1.2434	1.2434	1.2445

Estimated volume 460 (423)
Previous day's open int 9,150 (9,150)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3260	0.3266	0.3260	0.3260
Sept	0.3280	0.3286	0.3286	0.3280

Estimated volume 18 (164)
Previous day's open int 278 (278)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.3868	—	—	0.3875
Sept	0.3895	—	—	0.3903

Estimated volume nil (1)
Previous day's open int 156 (156)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.3996	—	—	0.3996
Sept	0.4013	—	—	0.4015

Estimated volume nil (2)
Previous day's open int 154 (154)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	132.80	133.50	132.75	133.30
Sept	133.40	—	—	133.90

Estimated volume 156 (225)
Previous day's open int 1,493 (1,493)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	75-01	75-13	74-28	75-04
Sept	74-01	74-15	74-02	74-05

Estimated volume 2,289 (3,974)
Previous day's open int 3,066 (3,066)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	75-02	75-14	74-28	75-08
Sept	74-02	74-14	73-28	74-07
Dec	73-04	73-16	72-31	73-10
March	72-10	72-21	72-04	72-16
June	71-18	71-29	71-12	71-24
Sept	70-29	71-08	70-27	71-03
Dec	70-10	70-10	70-09	70-16
March	—	—	—	69-31
June	—	—	—	69-16
Sept	—	—	—	—
Dec	68-16	68-24	68-16	68-21

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.74	92.77	92.68	92.74
Sept	92.34	92.39	92.30	92.35
Dec	91.99	92.04	91.97	92.00
March	91.69	91.73	91.68	91.70
June	91.43	91.47	91.42	91.45
Sept	91.22	—	91.22	91.25
Dec	91.05	—	91.05	91.07
March	90.89	—	90.89	90.91

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.26	92.29	92.24	92.26
Sept	91.68	91.73	91.65	91.69
Dec	91.27	91.32	91.25	91.27
March	90.91	90.96	90.90	90.91

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.94	91.96	91.89	91.92
Sept	91.32	91.37	91.27	91.32
Dec	90.90	90.96	90.87	90.90
March	90.55	90.61	90.51	90.54
June	90.23	90.30	90.23	90.25
Sept	89.99	90.03	89.99	90.01
Dec	89.78	89.81	89.78	89.79
March	89.59	89.62	89.59	89.59

STERLING (IMM) $ per £

	Latest	High	Low	Prev
June	1.2640	1.2670	1.2595	1.2715
Sept	1.2500	1.2545	1.2470	1.2590
Dec	1.2360	1.2470	1.2360	1.2500
March	—	—	—	1.2285
June	—	—	—	1.2410
Sept	—	—	—	1.2505

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	72-22	72-24	72-21	72-23
Sept	72-04	72-05	72-02	72-01
Dec	—	—	—	71-15
March	—	—	—	—
June	—	—	—	70-17
Sept	—	—	—	70-05

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 44

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Stock		Sales (Hnds)	High	Low	Last	Chng
StdMic		650	14½	14	14⅛	−⅜
StdReg	1.20	10	56¾	56¼	56¼	−⅜
Standun		1	6½	6½	6½	−¼
StanldT		12	14¼	14	14¼	+¼
Stanbo s	1.20	108	24	23	23¼	−¼

Stock		Sales (Hnds)	High	Low	Last	Chng
UnWarn		23	9¾	9¾	9¾	
UACm s	.06	208	17¾	17⅝	17½	−⅛
UBArz s	.60	429	24	23½	24	
UBAlsk	.15r	68	11	10⅝	10⅝	
UBkSF		25	4½	4⅜	4⅜	
UBWsh		200	15¼	14¾	15⅛	+⅜
UnBkrs	.20b	184	11¼	11	11	−¼
UBCol	1.08	92	25	24½	24½	−¼
UCarBg	1	64	30¼	29½	30	
DCtyGs	1.50	16	19	18⅞	18⅞	−⅜
UnDom	.92	7	13⅝	13¼	13⅝	

Stock		Sales (Hnds)	High	Low	Last	Chng
Zehntel		1243	3⅞	3⅝	3¾	−¼
ZenLb s		1346	44	41¾	43	−1
ZenNtl	.68	3	14½	14	14	−½
Zentec		10	2¾	2½	2½	
Ziegler	.48a	170	11⅛	11	11	
ZionUt	1.24	14	36	35¾	35¾	
Zitel		35	3¾	3¾	3¾	
Ziyad		27	5¼	5¼	5⅜	
Zondvn	.08j	255	10½	10¼	10¼	
Zycad		182	14½	14	14⅛	−⅛
Zymos		163	2½	2	2	
vjZyprx		1586	¼	⅛	¼	

Viking Resources International N.V.
Curaçao, Netherlands Antilles

Notice of Annual General Meeting of Shareholders

Notice is hereby given that an Annual General Meeting of Shareholders of Viking Resources International N.V. has been called by the Manager, Caribbean Management Company.

The Meeting will take place at John B. Gorsiraweg 6, Willemstad, Curaçao, Netherlands Antilles on 14th June, 1985 at 10.00 a.m.

The agenda may be obtained from the offices of the Company at John B. Gorsiraweg 6, Willemstad, Curaçao or from the Paying Agent mentioned hereunder.

Shareholders will be admitted to the meeting on presentation of their certificates or of vouchers, which may be obtained from the Paying Agent against delivery of certificates on or before 7th June, 1985.

Caribbean Management Company

Willemstad, Curaçao,
23rd May, 1985.

Paying Agent:
Pierson, Heldring & Pierson N.V.
Herengracht 214,
1016 BS Amsterdam.

MINISTRY OF PUBLIC WORKS AND SERVICES
STATE DEPARTMENT OF ENERGY
UNDERSECRETARY OF FUELS

"GAS DEL ESTADO"

(ARGENTINE REPUBLIC)

Public International Call for Tender No 10650 for the Service of internal inspection of the gas pipeline (24-inch diameter, 700 miles long) northern section at Campo Duran, Salta Province; Dean Funes, Cordoba Province, including the Campo Duran; River Bermejo parallel, Salta Province, in the Republic of Argentina.

Gas del Estado will accept tenders for the above service until 9 o'clock on 23 July 1985 in SGC/GDA/GMS and/or competitive bids at Isabel la Catolica 931/39, 1st Floor, Buenos Aires, Republic of Argentina.

Bidding Conditions: Companies interested in participating in this bidding may consult and/or acquire the relevant documentation, the cost of which is 13,000 Argentine pesos (approx. US$20), from the above-mentioned address, at the following times:

Consultation: 7.30 to 14.00 hrs.
Acquisition: 7.30 to 13.30 hrs.

Openings of Envelope 'A'. Details: Opening will take place at 9 o'clock on 23 July 1985 at Isabel la Catolica 931/39, Ground Floor, 'Salon Auditorium,' Buenos Aires, Argentina.

Guarantees: Submissions should be accompanied by tender guarantees, in the amount of US$21,000. The sums and terms of the acceptance and performance guarantees will be specified in the bidding conditions.

Arrangements are being made for this bid to be financed by the Interamerican Development Bank, and for this reason all the terms of the bid are in accordance with the conditions of the said bank.

When the decision is reached, it will be made known to any possible parties concerned by means of publication to this effect, and to the purchasers of the specifications in authentic form. This project is, therefore, limited to tenderers whether they be physical or legal persons, or a group of these, who are from member countries of the said bank.